PWP

PRICEWORTH WOOD PRODUCTS BERHAD
(Company No: 399292 - V)

1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4, Jalan Utara,
P.O. Box 2848, 90732 Sandakan, Sabah, Malaysia.
(Head Office) Tel: 089-221170/ 2237767/ 221211 Fax: 089-221213/ 227823
E-mail: pwpbhd@streamyx.com / maxland@streamyx.com

Priceworth Wood Products Berhad (399292-V)

Annual Report 2007

Annual Report
2007

PWP

Priceworth Wood Products Berhad (399292-V)
(Incorporated in Malaysia)

Contents

Corporate Information

BOARD OF DIRECTORS

Tan Sri Sabbaruddin Chik
(Chairman)

Lim Nyuk Foh
(Managing Director)

Chok Syn Vun
(Executive Director)

Ramlee Bin Mohd Shariff
(Independent Non-Executive Director)

Kwan Tack Chiong
(Independent Non-Executive Director)

Ooi Jit Huat
(Independent Non-Executive Director)

AUDIT COMMITTEE

Kwan Tack Chiong
(Chairman)

Chok Syn Vun
(Member)

Ooi Jit Huat
(Member)

COMPANY SECRETARY

Katherine Chung Mei Ling (MAICSA 7007310)

REGISTERED OFFICE

1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4,
Jalan Utara, P.O. Box 2848, 90732 Sandakan, Sabah
Tel No. : 089 221170/223767/221211
Fax No. : 089 221213/227823

HEAD OFFICE

1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4,
Jalan Utara, P.O. Box 2848, 90732 Sandakan, Sabah
Tel No. : 089 221170/223767/221211
Fax No. : 089 221213/227823
Email : pwpbhd@streamyx.com/ pricwor@tm.net.my / maxland@streamyx.com
Website : www.pwpmalaysia.com.my

SHARE REGISTRAR

Symphony Share Registration Services Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-27212222
Fax : 03-27212530

PRINCIPAL BANKERS

Malayan Banking Berhad
48 Jalan Tiga, 90704 Sandakan, Sabah

HSBC Bank Malaysia Berhad
Jalan Pelabuhan/Leboh Tiga
90000 Sandakan, Sabah

AmMerchant Bank Berhad
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan, 50200 Kuala Lumpur

Alliance Merchant Bank Berhad
Level 19, Menara Multi-Purpose
Capital Square, 8 Jalan Munshi Abdullah
50100 Kuala Lumpur

RHB Investment Bank Berhad
Level 11, Tower Three, RHB Centre
426 Jalan Tun Razak
50400 Kuala Lumpur

Kuwait Finance House (Malaysia) Berhad
Level 18, Tower Two, MNI Twins
11, Jalan Pinang,
50704 Kuala Lumpur

AUDITORS

Ernst & Young
MPT 4604, Lot 17-28, 3rd Floor
Block B, Bandaran Baru, Jalan Baru,
W.D.T. 46, 91009, Tawau, Sabah

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board

STOCK NAME

PWORTH

BURSA SECURITIES STOCK NO.

7123

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be convened and held at the Executive Parlour of Sabah Hotel, Sandakan, Sabah on Thursday, 13 December 2007 at 9.00 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2007 together with the Reports of the Directors and Auditors thereon.

2. To declare a first and final tax-exempt dividend of 3 sen per ordinary share in respect of the financial year ended 30 June 2007. **Resolution 1**

3. To approve the payment of Directors' Fees in respect of the financial year ended 30 June 2007. **Resolution 2**

4. To re-elect the following Directors retiring pursuant to Article 86 of the Company's Articles of Association and being eligible, offer themselves for relection:

   (a) Mr Ooi Jit Huat **Resolution 3**
   (b) Mr Kwan Tack Chiong **Resolution 4**

5. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. **Resolution 5**

   As Special Business:

6. **ORDINARY RESOLUTION** **Resolution 6**
   - **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

   "**THAT**, subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant statutory or regulatory authorities, where such approvals are necessary, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. **ORDINARY RESOLUTION** **Resolution 7**
   - **Authority to issue shares pursuant to the Company's Employees' Share Option Scheme**

   "**THAT** pursuant to the Company's Employees' Share Option Scheme ("the Scheme") as approved at the Extraordinary General Meeting of the Company held on 22 December 2005, the Directors of the Company be and are hereby authorised in accordance with Section 132D of the Companies Act, 1965, to allot and issue shares in the Company from time to time in accordance with the Scheme."

8. **SPECIAL RESOLUTION** **Resolution 8**
   - **Proposed Amendments to the Articles of Association**

   "**THAT** the proposed alterations, modifications, amendments or deletions to the Articles of Association of the Company as contained in Appendix A be hereby approved."

9. To transact any other business of which due notice shall have been received.

Notice of Annual General Meeting (cont'd)

BY ORDER OF THE BOARD

KATHERINE CHUNG MEI LING
(MAICSA 7007310)
Company Secretary

Sandakan

21 November 2007

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint more than one (1) proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

3. *If the appointor is a corporation, this form must be executed under its seal or under the hand of its attorney.*

4. *To be valid, the instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 5, 1st Floor, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, P. O. Box 2848, 90732 Sandakan, Sabah not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

5. EXPLANATORY NOTE ON SPECIAL BUSINESS

(i) Ordinary Resolution (Resolution 6)
- Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution, if passed, will renew the powers given to the Directors at the last Annual General Meeting, the authority to issue shares up to a maximum 10% of the issued share capital for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked and varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(ii) Ordinary Resolution (Resolution 7)
- Authority to issue shares pursuant to the Company's Employees' Share Option Scheme

The Ordinary Resolution, if passed, will enable the Directors from the date of the general meeting to allot and issue ordinary shares of the Company to those employees who have exercised their options under the Scheme. This authority, unless revoked and varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(iii) Special Resolution (Resolution 8)
- Proposed Amendments to the Articles of Association

This Special Resolution, if passed, will amend the Articles of Association of the Company as detailed in Appendix A of the Annual Report 2007.

APPENDIX A

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF PRICEWORTH WOOD PRODUCTS BERHAD

Article No.	Existing Articles	Proposed Amendments
2- Definition for "Approved Market Place"	A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) (Exemption) (No. 2) Order, 1998.	**Deleted**
2- Definition for "Member"	Any person for the time being holding shares in the Company and whose name appears on the Register of Members <u>and unless otherwise expressed to the contrary, includes a Depositor</u> whose name appears on the Records of Depositors <u>who shall be treated as if he were a member pursuant to Section 35 of the Central Depositories Act but excludes Bursa Malaysia Nominees Sdn Bhd in its capacity as bare trustee member</u>.	Any person/**persons** for the time being holding shares in the Company and whose name appears on the Register of Members **(except Malaysia Depository Nominees Sdn Bhd) including Depositors** whose name appears on the Records of Depositors.
11- Rights of preference shareholders	Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed <u>but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time</u> and the Company shall not issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited accounts, and attending general meetings of the Company. Preference shareholders shall only have the right to vote at any general meeting convened for the purpose of reducing the capital, or on a proposal to wind up the Company or during the winding up of the Company, or sanctioning a sale of the undertaking, or where any proposition to be submitted to the general meeting directly affects their rights and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months. <u>Preference shareholders shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.</u>	Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited accounts, and attending general meetings of the Company. Preference shareholders shall only have the right to vote at any general meeting convened for the purpose of reducing the capital, or on a proposal to wind up the Company or during the winding up of the Company, or sanctioning a sale of the undertaking, or where any proposition to be submitted to the general meeting directly affects their rights and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months.

APPENDIX A

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF PRICEWORTH WOOD PRODUCTS BERHAD

Article No.	Existing Articles	Proposed Amendments
17- Allotment and dispatch of certificate of an issue	Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company must allot shares and/or issue securities, dispatch notices of allotment to the successful allottee and make an application for the quotation of such securities: (a) <u>within fifteen (15) market days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Exchange for the issue of securities to the public or a rights issue;</u> (b) <u>within ten (10) market days of the books closing date for a bonus issue or such other period as may be prescribed by the Exchange;</u> (c) <u>within ten (10) market days of the date of receipts of a notice of the exercise of an employee share option together with the requisite payment or such other period as may be prescribed by the Exchange;</u> (d) <u>within ten (10) market days of the receipt of subscription form together with the requisite payment or such other period as may be prescribed by the Exchange.</u>	Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot and/or issue securities/shares, dispatch notices of allotment to the successful applicants/allottees and make an application for the quotation of such securities/shares **based on the period as prescribed by the Exchange.**
36- Close of registers	The transfer books and the Record of Depositors and debenture holders may be closed for such periods as the Directors think fit provided that <u>twelve (12) clear</u> Market Days' notice of intention shall be published in <u>local daily newspaper circulating in Malaysia</u> and any intention to fix a books closing date and the reasons therefor, stating the books closing date shall be at least <u>twelve (12)</u> Market Days after the date of announcement to the Exchange and not exceeding in the whole thirty (30) days in each year. The transfer books and Record of Depositors may be closed for the purpose of determining persons entitled to dividends, interest, or new securities, or rights to a priority of application for issued of securities. The Company shall request the Central Depository in accordance with the Rules to issue a Record of Depositors as at a date not less than three (3) Market Days before the occurrence of the related event.	The transfer books and the Record of Depositors and debenture holders may be closed for such periods as the Directors think fit provided that **ten (10)** Market Days' notice of intention shall be published in a **nationally circulated Bahasa Malaysia or English daily newpaper** and any intention to fix a books closing date and the reasons therefor, stating the books closing date shall be at least **ten (10)** Market Days after the date of announcement to the Exchange and not exceeding in the whole thirty (30) days in each year. The transfer books and Record of Depositors may be closed for the purpose of determining persons entitled to dividends, interest, or new securities, or rights to a priority of application for issued of securities. The Company shall request the Central Depository in accordance with the Rules to issue a Record of Depositors as at **the latest date which is reasonably practicable which shall in any event be** not less than three (3) Market Days before the occurrence of the related event.

APPENDIX A

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF PRICEWORTH WOOD PRODUCTS BERHAD

Article No.	Existing Articles	Proposed Amendments
42- Transmission of shares from Foreign Register	Where (if applicable): (a) the shares of the Company are listed on an Approved Market Place; and (b) the Company is exempted from compliance with section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities. the Company shall, upon request of a shareholder, permit a transmission of shares held by such shareholder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysia Register") subject to the following conditions: (i) there shall be no change in the ownership of such shares; and (ii) the transmission shall be executed by causing such shares to be credited directly into the securities account of such shareholder. Where (a) and (b) are fulfilled, the Company shall not allow any transmission of shares from the Malaysian Register into the Foreign Register.	Where (if applicable): (a) the shares of the Company are listed on **another stock exchange**; and (b) the Company is exempted from compliance with section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities. the Company shall, upon request of a **securities holder**, permit a transmission of **securities** held by such **securities holder** from the register of holders maintained by the registrar of the Company in the jurisdiction of the **other stock exchange**, to the register of holders maintained by the registrar of the Company in Malaysia **and vice versa provided that** there shall be no change in the ownership of such **securities**.

APPENDIX A

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF PRICEWORTH WOOD PRODUCTS BERHAD

Article No.	Existing Articles	Proposed Amendments
62- Notice of Meeting	(b) The notice of every general meeting shall be by advertisement in one (1) daily press and in writing to each Stock Exchange (including the Exchange) upon which the Company is listed at the same time as Members are notified. (d) The Company shall request the Central Depository in accordance with the Rules to issue a Record of Depositors as at a date not less than three (3) Market Days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors").	(b) The notice of every general meeting shall be given by advertisement in **at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper** and in writing to **the Exchange and other stock exchange, if any,** upon which the Company is listed at the same time as Members are notified. (d) The Company shall also request the Depository in accordance with the Rules to issue a Record of Depositors as at **the latest date which is reasonably practicable which shall in any event be** not less than three (3) Market Days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors").
73- Voting	Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy who may but need not be a Member of the company or by attorney or by representative and on a show of hands every person who is a Member or a representative of a Member or the proxy of a Member shall have one (1) vote, and on poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every such share he holds.	Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of Members or classes of Members, **on a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present or present by proxy or by attorney or in the case of a corporation by a representative, and entitled to vote, shall be entitled to one (1) vote**, and on poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every such share he holds.
80- Form of Proxy	Notes:- A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.	Notes:- A Member shall **not** be entitled to appoint more than **two (2) proxies** to attend and vote at the same meeting. Where a Member appoints **two (2) proxies**, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. **Where a Member is an authorised nominee as defined under the Security Industry (Central Depository) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.**
	Note: The above proposed amendments are only the affected notes to proxy form.	

APPENDIX A

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF PRICEWORTH WOOD PRODUCTS BERHAD

Article No.	Existing Articles	Proposed Amendments
97- Office of Director deemed vacant	The office of Director shall become vacant if the Director: (a) has a Receiving Order in Bankruptcy made against him or makes any arrangement or composition with his creditors generally; (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;	The office of Director shall become vacant if the Director: (a) has a Receiving Order in Bankruptcy made against him or makes any arrangement or composition with his creditors generally **during his term of office**; (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder **during his term of office**;
99- Powers of Directors	(c) subject to Section 132E of the Act, enter into any arrangement or transaction with a Director of the Company or its holding company or with a person connected with such a Director to acquire from or dispose to such a <u>d</u>irector or <u>person</u> any non-cash assets of the requisite value;	(c) subject to Section 132E of the Act, enter into any arrangement or transaction with a Director **or a substantial shareholder** of the Company or its holding company or with a person connected with such a Director **or substantial shareholder** to acquire from or dispose to such a Director or person any non-cash assets of requisite value;
100- Directors' borrowing powers	(1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge <u>its</u> undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries.	(1) The Directors may exercise all the powers of the company to borrow money and to mortgage or charge **the Company's or its subsidiaries'** undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries.

APPENDIX A

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF PRICEWORTH WOOD PRODUCTS BERHAD

Article No.	Existing Articles	Proposed Amendments
106- Director may hold other office	Subject always to Sections 131, 132E, 132F and 132G of the Act, a Director may hold any other office or place of profit under the Company and under normal commercial terms, (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.	Subject always to Sections 131, 132E **and** 132F of the Act, a Director may hold any other office or place of profit under the Company and under normal commercial terms, (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way, **whether directly or indirectly** interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the nature of his interest **whether directly or indirectly** must be disclosed by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.
115- Restriction on voting	A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal material interest and if he shall so do his vote shall not be counted.	A Director shall not vote nor **participate in any discussion** in respect of any contract or proposed contract or arrangement in which he has **direct or indirect** interest and if he shall do so his vote shall not be counted, **but he shall be counted only to make the quorum at the Board Meeting.**
119- Office of alternate Director deemed vacant	The office of an alternate Director shall be vacant:- (a) if he becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder; (b) if he has a receiving order in bankruptcy made against him by any court of competent jurisdiction or makes any arrangement or composition with his creditors generally;	The office of an alternate Director shall become vacant:- (a) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder **during his term of office**; (b) has a Receiving Order in Bankruptcy made against him or makes any arrangement or composition with his creditors generally **during his term of office**;

APPENDIX A

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF PRICEWORTH WOOD PRODUCTS BERHAD

Article No.	Existing Articles	Proposed Amendments
138- To whom copies of Profit and Loss accounts may be sent	The Director shall from time to time in accordance with Section 169 and any other provisions of the Act and the Listing Requirements cause to be prepared and laid before the Company in general meeting such profit and loss account, balance sheet, group accounts as may be necessary and reports are required under the Act and Listing Requirements. The interval between the close of a financial year of the Company and the issue of annual audited accounts, the directors' and auditors shall not exceed four (4) months. A printed copy of the annual audited accounts which is to laid before the Company in general meeting (including every documents required by law to be annexed thereto) together with a copy of the directors' and auditors' reports shall not less than twenty-one (21) days before the date of the general meeting provided always that it shall not exceed six (6) months from the close of a financial year of the Company be sent to every Member of, and to every holder of debentures of the Company and to every other person who is entitled to receive notice from the Company under the provisions of the Act, the Central Depositories Act, the Rules or of these Articles. The requisite number of copies of each such documents as may be required by the Exchange shall at the same time be likewise sent the Exchange PROVIDED THAT this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.	The Director shall from time to time in accordance with Section 169 and any other provisions of the Act and the Listing Requirements cause to be prepared and laid before the Company in general meeting such profit and loss account, balance sheet, group accounts as may be necessary and reports are required under the Act and Listing Requirements. The interval between the close of a financial year of the Company and the issue of annual audited accounts, the directors' and auditors shall not exceed four (4) months. A printed copy of the annual audited accounts which is to laid before the Company in general meeting (including every documents required by law to be annexed thereto) together with a copy of the directors' and auditors' reports **or in CD-ROM form or in such other form of electronic media**, shall not less than twenty-one (21) days before the date of the general meeting provided always that it shall not exceed six (6) months from the close of a financial year of the Company be sent to every Member of, and to every holder of debentures of the Company and to every other person who is entitled to receive notice from the Company under the provisions of the Act, the Central Depositories Act, the Rules or of these Articles. The requisite number of copies of each such documents as may be required by the Exchange shall at the same time be likewise sent the Exchange PROVIDED THAT this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. **In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four (4) market days form the date of receipt of the Members' request.**

APPENDIX A

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF PRICEWORTH WOOD PRODUCTS BERHAD

Article No.	Existing Articles	Proposed Amendments
149- Payment by cheque	Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the last registered address of the Member, or person entitled thereon. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, or to such person as the Member or person entitled to the share in consequence of the death or bankruptcy of the Member, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.	Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the last registered address of the Member or person entitled thereon **or by direct electronic transfer to the bank account of the holder who is named on the register of Members or Record of Depositors.** Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, or to such person as the Member or person entitled to the share in consequence of the death or bankruptcy of the Member, and the payment of any such cheque or warrant **or direct electronic transfer** shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged **or there is discrepancy given by the Member in the details of bank account**. Every such cheque or warrant or **direct electronic transfer** shall be sent **or transmitted** at the risk of the person entitled to the money thereby represented.

APPENDIX A

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF PRICEWORTH WOOD PRODUCTS BERHAD

Article No.	Existing Articles	Proposed Amendments
164- Effect of the Listing Requirements	(1) Notwithstanding anything contained in these articles, if the Listing Requirements prohibit an act being done, the act shall not be done. (2) Nothing contained in these articles prevents an act being done that the Listing Requirements require to be done. (3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). (4) If the Listing Requirements require these articles to contain a provision and they do not contain such a provision, these articles are deemed to contain that provision. (5) If the Listing Requirements require these articles not to contain a provision and they contain such a provision, these articles are deemed not to contain that provision. (6) If any provision of these articles is or becomes inconsistent with the Listing Requirements, these articles are deemed not to contain that provision to the extent of the inconsistency.	(1) Notwithstanding anything contained in these articles, if the Listing Requirements prohibit an act being done, the act shall not be done. (2) Nothing contained in these articles prevents an act being done that the Listing Requirements require to be done. (3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). (4) If the Listing Requirements require these articles to contain a provision and they do not contain such a provision, these articles are deemed to contain that provision. (5) If the Listing Requirements require these articles not to contain a provision and they contain such a provision, these articles are deemed not to contain that provision. (6) If any provision of these articles is or becomes inconsistent with the Listing Requirements, these articles are deemed not to contain that provision to the extent of the inconsistency. **Notwithstanding anything contained in the Articles, nothing herein contained shall prevent the Directors from applying to the Exchange for a waiver from compliance or observance of such Listing Requirements. In the event the compliance or observance of such Listing Requirements are waived by the Exchange, the Company shall not be required to comply with any of the articles relating those Listing Requirements in respect of which compliance or observance has been waived by the Exchange.**

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present you the Annual Report and Audited Financial Statements of Priceworth Wood Products Berhad ("PWP" or "the Company") for the financial year ended 30 June 2007.

Financial Results

During the year under review, the Group recorded revenue of RM549.12 million and profit after taxation of RM26.55 million compared to revenue of RM494.94 million and profit after taxation of RM21.42 million in the previous financial year. The increase in revenue for the current financial year was mainly contributed by the increase in sales price of processed wood products in the first half of the financial year, accompanied with the increase in logging activities through out the whole financial year. The increase in post-tax profit mainly coincides with the increase of the Group revenue.

The total volume of logs extracted from Concession BW8 for the year ended 30 June 2007 was 798,957.58 m3. The volume extracted from Concession Kuamut for the year ended 30 June 2007 was 10,368.32 m3 while other Concession for the same financial year was 12,583.90 m3.

Corporate Development

(i) On 16 August 2006, the Company issued and allotted 10 million ordinary shares of RM0.50 each at an issue price of RM1.10 per ordinary share to settle the balance of the consideration on acquisition of Cergas Kenari Sdn Bhd and Teras Selasih Sdn Bhd.

(ii) On 3 January 2007 a wholly-owned subsidiary of Priceworth Industries Sdn Bhd ("PISB"), Integral Acres Sdn Bhd, acquired for the 2 ordinary shares of RM1.00 each representing 100% equity interest of Integral Acres Construction Sdn Bhd ("IACSB") for a total cash consideration of RM2.00. The intended business of IACSB is property development.

(iii) On 9 March 2007 a wholly-owned subsidiary of PISB, Maxland Sdn Bhd ("MSB") had entered into a Sustainable Forest Management Licence Agreement with the State Government of Sabah which granted MSB with a licence to enter into the forest reserve area of 979 hectares at Pinangah Forest Reserve for a tenure of 50 years, expiring on 31 December 2057. The granting of such Licence would provide MSB to plant, rehabilitate and secured wood resources on a long term basis from the designated area.

(iv) On 5 April 2007 PISB acquired 141,250 ordinary shares of RM1.00 each representing 56.5% equity interest of Rimbunan Gagah Sdn Bhd ("RGSB")for a total cash consideration of RM141,250.00. The acquisition will enable PWP to combine its businesses with that of RGSB which involves manufacturing and selling of processed wood products for strategic growth and synergistic benefits.

Prospects

The future prospects of the timber industry will be dependent on the outlook on the international front as well as the economic growth of East Asia.

The release of the 9th Malaysia Master Plan which includes infrastructure and construction projects is expected to lead to a higher demand for timber products.

In the international front, the economy of most East Asian timber importing countries, like Japan, South Korea and Taiwan are growing, whereas China and India are achieving high economic growth. During the 2007 financial year, new importing markets have been sourced and currently Priceworth Wood Products Berhad has been exporting timber products to Middle East markets. With these new importing countries, we predict the sale volumes for the coming financial year will be better than the current year.

Despite the increasing difficulties such as unpredictable fuel cost increase, spareparts cost increase and the challenging global environment, the Board believes that the Group's long-term prospect in the industry remains intact and the Group will continue to strive to maintain market position and focus on measures to produce and market high quality downstream value added products and continue to improve its efficiency and production capacity.

On the basis of the above and barring unforeseen circumstances, the Group will continue to achieve positive results for the next financial year ending 30 June 2008.

Dividend

The Board has recommended for your approval, a first and final tax-exempt dividend of 3.0 sen per ordinary share for the financial year ended 30 June 2007 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Acknowledgement

On behalf of the Board, I wish to convey our appreciation to the management and staff for their diligence, dedication, professionalism and commitment towards the achievements of the Group in maintaining the Group's competitiveness and making another successful year possible. I wish also to express my gratitude to the shareholders, financiers, customers, suppliers, business associates and all other stakeholders for the continued support and confidence for the Group. Finally, I would like to express appreciation to the board members for their contributions and unfailing support during the year.

Tan Sri Sabbaruddin Chik
Chairman

Directors' Profile

Tan Sri Sabbaruddin Chik

Malaysian, aged 65
Chairman/Independent Non-Executive Director

Tan Sri Sabbaruddin is the Chairman of the Company and has been on the Board since 2 November 2001. He graduated from Universiti Malaya in 1965 and from the Institute of Social Studies, The Hague, Holland in 1974. He started his government career as the Assistant Secretary for the State of Negeri Sembilan from 1966 to 1967. In 1967, he was appointed as Assistant Secretary for the Ministry of Foreign Affairs. From 1967 to 1971, he was the Malaysian Consulate in Saigon before being appointed as the Principal Assistant Secretary in the Prime Minister's Department from 1971 to 1975. In 1975, he was posted to the Socio-Economic Planning Unit as a Director for Planning in the Department and thereafter became the Director of International Trade in the Ministry of Trade and Industry from 1976 to 1979. Between 1980 and 1981, he was the Deputy State Secretary of Selangor and in 1981 he joined Pernas Trading Sdn Bhd as the Senior General Manager. Subsequently Tan Sri was appointed as Deputy Finance Minister from 1982 to 1987 and he was the Cultural, Arts and Tourism Minister from 1987 to 1999. He was also the Member of Parliament for Temerloh from 1982 to 1999.

Tan Sri Sabbaruddin is also a director of Eden Inc. Berhad (Formerly known as Eden Enterprises (M) Berhad).

Lim Nyuk Foh

Malaysian, aged 43
Managing Director

Mr Lim founded the PWP Group and was appointed to the Board on 2 November 2001.

He holds a Degree in Finance majoring in Investment from the University of Toledo, United States of America. Coming from a family involved in the timber business, he ventured into the trading of timber for the domestic and foreign market in 1989. In 1990 he founded PISB to undertake the sawmilling and timber extraction business. He has more than 16 years of extensive experience in the timber industry.

He has no directorship or major shareholdings in other public companies.

Chok Syn Vun

Malaysian, aged 37
Executive Director

Mr Chok was appointed to the Board on 2 November 2001 and is also a member of Audit Committee of the Company. He graduated from Stamford College, Singapore in 1991 with a Diploma in Accounting. In 2000, he was awarded Bachelor of Business Administration, with a major in Accounting with Distinction from Ashington University, England. He joined PISB in 17 March 1994. During the formative years of the Group with limited number of personnel had provided Mr Chok the opportunity to involve in various aspects of operations, including administrative, finance and human resources management. Through this exposure, he has gained an extensive experience in the timber operations of the Group. He was made an Executive Director of PISB on 17 February 1997 and oversees the administration and financial functions of the PWP Group.

He has no directorship or major shareholdings in other public companies.

Directors' Profile (cont'd)

Ramlee Bin Mohd Shariff

Malaysian, aged 43
Independent Non-Executive Director

Encik Ramlee served as a member of the Board of PWP since 2 November 2001. He is a Fellow of Association of Certified Chartered Accountants. He began his career in Ernst & Young in 1987 and became an Audit Manager in 1992. In 1993, he joined Shapadu Corporation Sdn Bhd as the Internal Audit Manager and was promoted to Group Financial Controller in May 1995. He left the company in May 1997 to join Bridgecon Holdings Berhad as the General Manager-Finance where he was also responsible for the group's Corporate Finance, Accounts and Management Information System Department. He is currently the Managing Director of Iman Consulting Sdn Bhd, a company involved in providing corporate finance and financial related advice to clients.

He has no directorship or major shareholdings in other public companies.

Kwan Tack Chiong

Malaysian, aged 44
Independent Non-Executive Director

Mr Kwan was appointed to the Board of PWP on 2 November 2001 and he is the Chairman of the Audit Committee of the Company. He graduated with a Bachelor of Business Administration from the University of Toledo, United States of America. He started his career as a supervisor in Pinayas Wood Products Sdn Bhd in 1989. He joined Trimwood Industrial Sdn Bhd in 1990 as a Manager until 1992. From 1992 until 1993 he was the Marketing Manager of Service Trading Sdn Bhd before serving as the member of the Board of Directors of Priceworth Industries Sdn Bhd from 1994 to 1995. In 1996, he was appointed as director for Matotech (M) Sdn Bhd and has since held the office until today.

He has no other directorship or major shareholdings in other public companies.

Ooi Jit Huat

Malaysian, aged 55
Independent Non-Executive Director

Mr Ooi was appointed to the Board of Directors of PWP on 2 November 2001and is also a member of Audit Committee of the Company.

He started his career at Peat Marwick Mitchell & Co, Kuala Lumpur. He was a supervisor in the Computer Audit Department for Peat Marwick Mitchell & Co in London from 1980 to 1981. Subsequently on 1981, he was a Manager at Peat Marwick Mitchell & Co of Kuala Lumpur until 1982. In 1983, he became a Financial Controller for Zemex Corporation before he founded his own public accounting firm, Russ Ooi & Associates in 1985. He has over 20 years of experience in the financial industry having carved areas of expertise in corporate consultancy, financial management, management information systems and auditing and investigations. His professional assignments covered flotations exercises, investigations and due diligence reporting and the reverse take-overs of several companies on the Bursa Securities. He is a member of the Malaysian Association of Certified Public Accountants, Malaysian Institute of Accountants and the Malaysian Institute of Taxation. .

Mr Ooi is also a director of Kwantas Corporation Berhad.

Directors' Profile (cont'd)

OTHER INFORMATION OF DIRECTORS

1. Family Relationship of Directors

None of the Directors have any family relationship with other Directors.

2. Conflict of Interest

None of the Directors has any conflict of interest with the Company.

3. Convictions of Offences

None of the Directors have been convicted of any offence within the past ten (10) years other than traffic offences.

4. Shareholdings

The particulars of the Directors' shareholding are set out on page 80 to 82 of this Annual Report.

5. Details of Attendance of Board Meetings held during the financial year ended 30 June 2007

Name of Directors	No. of Meetings Attended	%
Tan Sri Sabbaruddin Chik	4/4	100
Mr Lim Nyuk Foh	4/4	100
Mr Chok Syn Vun	4/4	100
Encik Ramlee Bin Mohd Shariff	4/4	100
Mr Kwan Tack Chiong	4/4	100
Mr Ooi Jit Huat	4/4	100

Statement Of Corporate Governance

The Board of Directors ("the Board") of Priceworth Wood Products Berhad is committed in ensuring that the principles and the best practices of corporate governance are practised in the manner set out in the Malaysian Code on Corporate Governance ("the Code"). The Board recognizes that good corporate governance practice is a continuous process and observes as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

The statements below sets out how the Group has applied the Principles of the Code and the extent of compliance with the Best Practices of the good corporate governance as set out in Part 1 and Part 2 of the Code.

A. BOARD OF DIRECTORS

Board Composition

The Board is comprised of members of different backgrounds, expertise and diverse skill to effectively lead and control the Company. As at the date of this Report, the Board has six (6) Directors consist of one (1) Independent Non-Executive Chairman, two (2) Executive Directors and three (3) Non-Executive Directors, who are independent. The profile of each Director is presented in this Annual Report on pages 16 to 18.

Board Balance

The Board is responsible for the overall performance of the Company by setting the directions and objectives, formulating the policies, strategic action plans and stewardship of the Company's resources. The Board regularly reviews the Company's business operations identifying risks and ensuring the existence of adequate internal controls and management systems to measure and manage risks and maintains full and effective control over management of the Company.

The Board has also delegated certain responsibilities to Audit Committee, Nomination Committee and Remuneration Committee, all of which operate with the defined terms of reference. All these Board Committees do not have executive power but report to the Board on all matters considered and their recommendations thereon.

Board Meetings

Board Meetings will be held at least four (4) times a year at quarterly intervals with additional meetings convened, whenever necessary.

During the year under review, the Board has met on a total of four (4) occasions. The attendance record of each individual Director at the meetings are set out on page 18 of this Annual Report. All Directors had attended the full Board meetings.

The Board is aware and acts on matters reserved specifically for the Board's decision to ensure they are in tandem with the direction and objective of the Company. The Board members are provided with the agenda of Board Meeting and the detailed information to enable them to arrive at an informed decision. Besides that, the Board also approves matters through circular resolutions.

Supply of Information

Prior to the Board and Audit Committee Meeting, the Chairman ensures that all the Directors receive the agenda and Board papers containing information relevant to the business of the meeting, including information on major financial performance, operational and corporate matters of the Group. The Minutes of the Board meetings are confirmed at the following meeting and are maintained by the Company Secretary.

The Directors have unhindered access to the advice and services of the Company Secretary.

Statement Of Corporate Governance (cont'd)

Appointment to the Board

The Board is of the opinion that its current composition and size constitute an effective Board to the Company.

Re-election of Directors

In accordance with the provisions of the Company's Articles of Association, at least one-third (1/3) of the Directors, including Managing Director are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire and be eligible for re-election at least once in three (3) years.

Directors' Training

All the Directors had attended the Mandatory Accreditation Program (MAP).and the Continuing Education Programme (CEP) as prescribed by the Listing Requirements. Although the mandatory CEP was repealed on 1 January 2005, the Board would have to evaluate and determine the training needs deemed appropriate to further enhance its skills and knowledge to aid in discharging the duties as Directors.

During the financial year, save for Mr Ooi Jit Huat who had attended seminars on topics relating to audit and tax, the other Directors did not attend any formal training. However they have been keeping abreast with updates from time to time on relevant laws, regulations and the business environment in which the Group operates.

The Board is mindful that the continuous training are vital and that they will attend structured trainings in near future to broaden their perspective.

Audit Committee

The detail of the Audit Committee is set out in Audit Committee Report on pages 24 to 25.

Nomination Committee

A Nomination Committee was established on 2nd January 2002, comprising the following members:

1. Tan Sri Sabbaruddin Chik (Chairman)
2. Kwan Tack Chiong
3. Ooi Jit Huat

The Nomination Committee is responsible for making recommendations for any appointments to the Board including those of subsidiary companies having considered the required mix of skills and experience.

B. DIRECTORS' REMUNERATION

The Directors' Remuneration Committee was established on 28 February 2002, comprising the following members:

1. Kwan Tack Chiong (Chairman)
2. Lim Nyuk Foh
3. Ooi Jit Huat

The Committee is responsible for setting the policy framework and for making recommendations to the Board on remuneration packages and benefits extended to the Executive Directors.

The remuneration of the Directors of the PWP Group is as follows:

Directors' Remuneration	Executive Dir ectors RM'000	Non-Executive Directors RM'000
Fee	-	258
Salaries	732	-
Bonuses & allowance	151	43
Total	**883**	**301**

The number of Directors of the Company whose total remuneration fall within the following bands is:

RM'000	Executive Directors	Non-Executive Directors
Below 50	-	3
50 to 100	-	-
Above 100	2	1
Total	**2**	**4**

C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board believes in clear and regular communication with its shareholders and institutional investors. The Annual Report and announcements of financial results on a quarterly basis provides the shareholders with an overview of the Group's performance and its business activities.

The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting and Extraordinary General Meeting whereby the Directors are available to discuss aspects of the Group's performance and its business activities. The Executive Directors also meet with institutional investors, fund managers and analysts with the aim of fostering mutual understanding of the Group's objectives.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of the results to shareholders as well as the Chairman's statement and review of the operations in the Annual Report.

Internal Control

The overview of the state of internal controls within the Group is covered under Statement on Internal Control presented on 22 of this Annual Report.

Relationship with the Auditors

The Company has established a formal and transparent relationship with the auditors in line with the auditors' professional requirements ensuring compliance with the accounting standards in Malaysia. The external auditors may from time to time throughout the financial year highlight to the Audit Committee and the Board on matters that require the Board's attention.

Statement Of Internal Control

Introduction

Pursuant to Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, the Board is pleased to disclose the Group's system internal control system.

Group's Internal Control

Apart from internal audit, the Board has put in place a system which emphasis heavily on balanced monitoring and reviewing on the Group daily operation. The Managing Director and the Executive Director through their day-to-day involvement in the business operations and regular attendance at senior management level meetings, manage and monitor the Group's financial performance, operational effectiveness and efficiency, discuss and resolve significant business issues face by the Group.

The senior management meeting served as a two-way platform for the Board, through the Board members, to communicate and address significant matters in relation to the Group's business and financial affairs and provide update on significant changes in the business and the external environment which result in significant risks.

The Group's detailed organizational structure embeds strong control features throughout the Group. The structure identifies the head of each department, their subordinates and superiors which facilitates a clear reporting line.

Review Process for Internal Control System

In view of the size and nature of the Group's operations, it is not cost justifiable for the Group to maintain an in-house function for the review of the Group's internal control system, which forms part of the internal audit function. Through outsourcing internal audit procedures, it will provide independent assessments on the adequacy, efficiency and effectiveness of the Group's internal control systems in anticipating potential risk exposures over key business systems and processes and in controlling the proper conduct of business within the Group.

By outsourcing the internal audit function, it will facilitate the Board in reviewing of and evaluation of the adequacy and integrity of the Group's internal control systems. The Audit Committee meets to review, discuss, and direct actions on matters arise in the internal audit report. Internal audits are carried out from time to time based on significant issues that arise during the day-to-day operations of the Group.

The internal auditor adopts a risk-based approach and prepares its audit strategy and plan based on each individual issue that arises in the Group. The audit plan is presented to the Audit Committee for approval annually. The resulting reports from the audits undertaken are reviewed by the Audit Committee and then forwarded to the operational management for attention and necessary corrective actions. The operational management is responsible for ensuring the corrective actions on reported weaknesses are taken within the required time frame.

Statement Of Directors' Responsibility

The Directors are responsible for ensuring the financial statements for each financial year are drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs of the Company and the Group as at the end of financial year and the results and cash flows for the financial year.

The Directors consider that in preparing the annual financial statements, the Company and the Group have

(a) adopted appropriate accounting policies and applied them consistently;
(b) made judgements and estimates that are prudent and reasonable; and
(c) adhered to the applicable approved accounting standards in Malaysia.

The Directors are responsible for ensuring that the Company and the Group maintain proper accounting records that disclose with reasonable accuracy on the financial position of the Company and the Group, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

The Directors have a general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

Chairman

Mr Kwan Tack Chiong	Independent Non-Executive Director

Members

Mr Chok Syn Vun	Executive Director
Mr Ooi Jit Huat	Independent Non-Executive Director

TERMS OF REFERENCE

1. COMPOSITION

1.1 The Audit Committee ("the Committee") shall be appointed by the Board of Directors from amongst its members which fulfills the following requirements:

1.1.1 the Audit Committee shall comprise of no fewer than three (3) members;

1.1.2 a majority of the Audit Committee shall be independent directors;

1.1.3 at least one (1) member of the Audit Committee
(a) must be a member of Malaysian Institute of Accountants; or
(b) must have at least three (3) years working experience and
(i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
(ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967.

1.2 The members of the Committee shall elect a Chairman from among their number who is an independent director.

1.3 The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. MEETINGS

Meetings of the Committee shall be held not less than four (4) times in a financial year. The external auditors may request a meeting if they consider necessary.

In addition to the Committee Members, the meetings will be attended by representative of the department in the Company and external auditors as and when required.

The secretary to the Committee shall be the Company Secretary.

3. FUNCTIONS

The functions of the Committee should be to review and report to the Board of Directors on matters as follows:

a. the audit plan with the external auditors;

b. the evaluation of the system of internal controls of the Company and the Group with the external auditors;

3. FUNCTIONS (cont'd)

c. the audit report on the financial statements with the external auditors;

d. the assistance given by employees of the Company to the external auditors;

e. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

f. the internal audit program, processes, the results of the internal audit program, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

g. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
   (i) changes in or implementation of major accounting policy changes;
   (ii) significant and unusual events; and
   (iii) compliance with accounting standards and other legal requirements;

h. any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

i. any letter of resignation from external auditors of the Company;

j. whether there is reason (supported by ground) to believe that the Company's external auditors is not suitable for re-appointment

k. to consider any matters the auditors wish to bring to the attention of the Board of Directors or shareholders; and

l. such other responsibilities as may be applied to by the Committee and the Board.

m. Recommend the nomination of a person or persons as external auditors.

4. AUDIT COMMITTEE ATTENDANCE RECORD

During the financial year under review, four (4) audit committee meetings were held. The Committee attendance record is as follows:

Name of Members	Designation	No. of Meetings Attended	%
Mr Kwan Tack Chiong	Chairman	4/4	100
Mr Chok Syn Vun	Member	4/4	100
Mr Ooi Jit Huat	Member	4/4	100

3. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities carried out by the Committee during the year were as follows:

- reviewed the external auditors' report in relation to their audit and internal control recommendations in respect of control weaknesses noted in the course of their audit ;
- reviewed and recommended related party transactions of the Group to be presented to the Board of Directors of approval;
- reviewed the quarterly and year-to-date unaudited financial results and recommended to the Board of Directors' for approval;
- reviewed the audited financial statements of the Company and of the Group for the Board of Directors' for approval;
- reviewed and adopted the internal audit plan and program; and
- reviewed the internal audit reports.

Additional Compliance Information

During the financial year under review,

(a) Share Buy-Back

The Company bought-back a total of 4,621,500 of its own shares from the open market for a total consideration of RM3,395,830.00. All shares bought-back are kept as treasury shares. Details of the shares so purchased are as follows:

Date of purchase	No. of Purchased Shares	Lowest purchase price (RM)	Highest purchase price (RM)	Average purchase price (RM)	Total purchase consideration (RM)
11/08/06	160,100	0.540	0.565	0.5581	89,355.00
29/08/06	1,530,600	0.575	0.580	0.5778	884,434.50
30/08/06	400,000	0.610	0.615	0.6125	245,000.00
01/09/06	195,000	0.590	0.600	0.5931	115,650.00
11/09/06	568,800	0.580	0.585	0.5822	331,198.00
15/02/07	80,000	0.945	0.955	0.9500	75,980.00
16/02/07	1,278,300	0.935	1.040	1.0030	1,282,131.00
22/03/07	37,200	0.935	0.955	0.9425	35,062.50
28/03/07	100,000	0.950	0.955	0.9525	95,250.00
18/05/07	40,500	0.870	0.880	0.8737	35,385.00
01/06/07	33,000	0.820	0.850	0.8427	27,812.00
06/06/07	50,000	0.905	0.910	0.9070	45,350.00
07/06/07	48,000	0.915	0.915	0.9150	43,920.00
14/06/07	50,000	0.890	0.895	0.8910	44,552.00
29/06/07	50,000	0.895	0.895	0.8950	44,750.00
Total	**4,621,500**	**0.540**	**1.040**	**0.7348**	**3,395,830.00**

(b) Options, Warrants or Convertible Securities

No options, warrants or convertible securities in the Company were issued or exercised.

(c) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programs.

(d) Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, or on the Directors or management by the relevant regulatory bodies.

(e) Non-Audit Fees

There is no payment made for non-audit fees by the Company and its subsidiaries to the external auditors.

(f) Variation in Results

There were no material variance between the audited results for the financial year ended 30 June 2007 and the unaudited results released for the quarter ended 30 June 2007 of the Group.

Additional Compliance Information (cont'd)

(g) Profit Guarantee

There were no profit guarantees given by the Company and its subsidiary.

(i) Material Contracts

There were no material contracts, including contract relating to loan, entered into by the Company and/or its subsidiary involving Directors and major shareholders interest.

(j) Revaluation Policy on Landed Properties

The Group does not have any revaluation policy on landed properties.

(k) Recurrent Related Party Transactions

At the Company's Extraordinary General Meeting held on 8 December 2006, the shareholders approved the mandate for the Company or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations and in the ordinary course of its business.

Aggregate value and type of significant related party transactions are indicated in Note 29 of the Financial Statements outlined in page 74 of this Annual Report. At the forthcoming Annual General Meeting to be held on 13 December 2007, the Company will seek the shareholders' approval for the renewal of the shareholders' mandate on recurrent related party transactions of a revenue or trading nature entered from the date of the forthcoming Annual General Meeting to the next Annual General Meeting.

Financial Statements

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are manufacture and sale of plywood and sawn timber, moulded and other processed wood products, trading of logs, provision of wood processing services, timber extraction and property development.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year	26,553,301	4,445,128
Attributable to:		
Equity holders of the Company	26,302,497	4,445,128
Minority interests	250,804	-
	26,553,301	4,445,128

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from changes in estimates where the residual values of certain property, plant and machineries were revised resulting in an increase in the Group's profit for the year by RM2,765,489 as disclosed in Note 2.5 to the financial statements.

DIVIDEND

The amount of dividend paid by the Company since 30 June 2006 was as follows:

	RM
In respect of the financial year ended 30 June 2006	
First and final tax exempt dividend of 3%, on 144,414,933 ordinary shares, declared on 15 November 2006 and paid on 6 March 2007	4,332,448

SIGNIFICANT EVENTS

(a) On 16 August 2006, the Company issued 10 million ordinary shares of RM0.50 each at an issue price of RM1.10 per share to settle the balance of the consideration on acquisition of Cergas Kenari Sdn. Bhd. and Teras Selasih Sdn. Bhd.

(b) On 3 January 2007, a subsidiary of the Company, Integral Acres Sdn. Bhd. subscribed for the 2 ordinary shares of RM1.00 each representing 100% equity interest of Integral Acres Construction Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

(c) On 5 April 2007, a subsidiary of the Company, Priceworth Industries Sdn.Bhd. acquired 141,250 ordinary shares of RM1.00 each representing 56.5% equity interest of Rimbunan Gagah Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM141,250.

Directors' Report
(Cont'd)

SUBSEQUENT EVENT

Subsequent to the Budget 2008 announcement, the statutory tax rate will be reduced from 26% to 25%, effective year of assessment 2009. The financial statements for the current financial year do not reflect the above effect.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Sabbaruddin Chik
Lim Nyuk Foh
Chok Syn Vun
Ramlee Bin Mohd. Shariff
Kwan Tack Chiong
Ooi Jit Huat

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM0.50 Each			
The Company	**1 July 2006**	**Acquired**	**Sold**	**30 June 2007**
Direct Interest:				
Tan Sri Sabbaruddin Chik	1,000,000	10,000	-	1,010,000
Lim Nyuk Foh	47,789,626	11,089,000	-	58,878,626
Chok Syn Vun	3,903,108	-	(2,950,700)	952,408
Kwan Tack Chiong	1,920,000	-	(540,000)	1,380,000

Lim Nyuk Foh by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM71,590,909 to RM76,590,909 by way of the issuance of 10,000,000 ordinary shares of RM0.50 each at an issue price of RM1.10 per ordinary share to settle the balance of the consideration on acquisition of Cergas Kenari Sdn. Bhd. and Teras Selasih Sdn. Bhd.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

TREASURY SHARES

During the financial year, the Company repurchased 4,621,500 of its issued ordinary shares from the open market at an average price of RM0.735 per share. The total consideration paid for the repurchase including transaction costs was RM3,396,828. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 June 2007, the Company held a total of 10,533,900 of its 153,181,818 issued ordinary shares as treasury shares at a carrying amount of RM6,272,807. Further relevant details are disclosed in Note 25 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report
(Cont'd)

OTHER STATUTORY INFORMATION (Cont'd)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

LIM NYUK FOH

CHOK SYN VUN

Statement by Directors/ Statutory Declaration

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, LIM NYUK FOH and CHOK SYN VUN, being two of the directors of PRICEWORTH WOOD PRODUCTS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 41 to 75 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

LIM NYUK FOH

CHOK SYN VUN

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, KOO JENN MAN, being the financial officer primarily responsible for the financial management of PRICEWORTH WOOD PRODUCTS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 75 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
KOO JENN MAN
at Sandakan in the State of Sabah
on

KOO JENN MAN

Before me,

Report of the Auditors to the Members of PRICEWORTH WOOD PRODUCTS BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 41 to 75. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 30 June 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174 (3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Pang Pak Lok
1228/03/09 (J)
Partner

Tawau, Sabah
Malaysia

Income Statements
For the Year Ended 30 June 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Revenue	3	549,124,064	494,939,302	19,124,938	15,168,054
Cost of sales	4	(475,812,643)	(440,073,696)	-	-
Gross profit		73,311,421	54,865,606	19,124,938	15,168,054
Other income	5	6,687,080	9,263,025	193,907	355,635
Administrative expenses		(24,126,452)	(15,588,296)	(2,158,982)	(2,865,182)
Selling expenses		(20,972,254)	(12,422,599)	-	-
Operating profit		34,899,795	36,117,736	17,159,863	12,658,507
Finance costs	6	(16,170,243)	(12,680,683)	(12,733,707)	(10,551,317)
Profit before tax	7	18,729,552	23,437,053	4,426,156	2,107,190
Income tax	10	7,823,749	(2,020,957)	18,972	-
Profit for the year		26,553,301	21,416,096	4,445,128	2,107,190
Attributable to:					
Equity holders of the Company		26,302,497	21,460,334	4,445,128	2,107,190
Minority interests		250,804	(44,238)	-	-
		26,553,301	21,416,096	4,445,128	2,107,190
Earnings per share attributable to equity holders of the Company (Sen):					
Basic, for profit for the year	11	18.4	15.4		
Diluted, for profit for the year	11	-	-		

The accompanying notes form an integral part of the financial statements.

Balance Sheets

As at 30 June 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	359,296,866	231,209,522	877,148	391,832
Intangible assets	14	29,645,223	69,181,291	-	-
Investments in subsidiaries	15	-	-	141,379,325	131,379,325
Other investment	16	50,000	50,000	-	-
Deferred tax assets	24	24,882	-	-	-
		389,016,971	300,440,813	142,256,473	131,771,157
Current assets					
Property development costs	17	14,201,070	5,446,279	-	-
Inventories	18	76,703,982	53,333,820	-	-
Trade and other receivables	19	84,684,621	91,652,663	141,103,008	152,304,327
Cash and bank balances	20	17,198,593	8,913,958	6,452,897	5,821,601
		192,788,266	159,346,720	147,555,905	158,125,928
TOTAL ASSETS		581,805,237	459,787,533	289,812,378	289,897,085
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	25	76,590,909	71,590,909	76,590,909	71,590,909
Share premium	25	54,926,252	48,926,252	54,926,252	48,926,252
Treasury shares	25	(6,272,807)	(2,861,159)	(6,272,807)	(2,861,159)
Retained earnings	26	94,698,671	67,494,210	956,692	844,012
		219,943,025	185,150,212	126,201,046	118,500,014
Minority interests		2,902,981	2,405,762	-	-
Total equity		222,846,006	187,555,974	126,201,046	118,500,014
Non-current liabilities					
Borrowings	21	180,235,926	171,739,083	125,000,000	160,000,000
Deferred tax liabilities	24	18,208,638	28,617,865	-	-
		198,444,564	200,356,948	125,000,000	160,000,000
Current liabilities					
Borrowings	21	69,769,722	20,575,229	35,021,351	-
Trade and other payables	23	77,864,390	38,595,803	3,589,981	11,378,099
Tax payable		12,880,555	12,703,579	-	18,972
		160,514,667	71,874,611	38,611,332	11,397,071
Total liabilities		358,959,231	272,231,559	163,611,332	171,397,071
TOTAL EQUITY AND LIABILITIES		581,805,237	459,787,533	289,812,378	289,897,085

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2007

		<------------Attributable to Equity Holders of the Company------------>					Minority Interests	Total Equity
		<-Non-Distributable->			Distributable			
	Note	Share Capital (Note 25) RM	Share Premium (Note 25) RM	Treasury Shares (Note 25) RM	Retained Earnings RM	Total RM	RM	RM
At 1 July 2005		71,590,909	48,926,252	-	48,114,780	168,631,941	-	168,631,941
Profit for the year		-	-	-	21,460,334	21,460,334	(44,238)	21,416,096
Minority interest on subsidiary acquired		-	-	-	-	-	2,450,000	2,450,000
Purchase of treasury shares	25	-	-	(2,861,159)	-	(2,861,159)	-	(2,861,159)
Dividend paid	12	-	-	-	(2,080,904)	(2,080,904)	-	(2,080,904)
At 30 June 2006		71,590,909	48,926,252	(2,861,159)	67,494,210	185,150,212	2,405,762	187,555,974
At 1 July 2006		71,590,909	48,926,252	(2,861,159)	67,494,210	185,150,212	2,405,762	187,555,974
Effects of adopting FRS 3	2.3(a)(ii)	-	-	-	5,234,412	5,234,412	-	5,234,412
Issue of ordinary shares - Acquisition of subsidiaries		5,000,000	6,000,000	-	-	11,000,000	-	11,000,000
Profit for the year		-	-	-	26,302,497	26,302,497	250,804	26,553,301
Minority interest on subsidiary acquired		-	-	-	-	-	246,415	246,415
Purchase of treasury shares	25	-	-	(3,411,648)	-	(3,411,648)	-	(3,411,648)
Dividend paid	12	-	-	-	(4,332,448)	(4,332,448)	-	(4,332,448)
At 30 June 2007		76,590,909	54,926,252	(6,272,807)	94,698,671	219,943,025	2,902,981	222,846,006

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

For the Year Ended 30 June 2007

		<------------Attributable to Equity Holders of the Company------------>				
		<-Non-Distributable->			Distributable	
	Note	Share Capital (Note 25) RM	Share Premium (Note 25) RM	Treasury Shares (Note 25) RM	Earnings Retained RM	Total RM
At 1 July 2005		71,590,909	48,926,252	-	817,726	121,334,887
Profit for the year		-	-	-	2,107,190	2,107,190
Purchase of treasury shares	25	-	-	(2,861,159)	-	(2,861,159)
Dividend paid	12	-	-	-	(2,080,904)	(2,080,904)
At 30 June 2006		71,590,909	48,926,252	(2,861,159)	844,012	118,500,014
At 1 July 2006		71,590,909	48,926,252	(2,861,159)	844,012	118,500,014
Profit for the year		-	-	-	4,445,128	4,445,128
Issue of ordinary shares: Acquisition of subsidiaries		5,000,000	6,000,000	-	-	11,000,000
Purchase of treasury shares	25	-	-	(3,411,648)	-	(3,411,648)
Dividend paid	12	-	-	-	(4,332,448)	(4,332,448)
At 30 June 2007		76,590,909	54,926,252	(6,272,807)	956,692	126,201,046

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

For the Year Ended 30 June 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		18,729,552	23,437,053	4,426,156	2,107,190
Adjustments for:					
Depreciation of property, plant and equipment		24,522,499	21,533,911	77,134	54,932
Amortisation of timber rights		41,131,872	20,035,956	-	-
Amortisation of goodwill		-	2,401,003	-	-
Impairment of goodwill		3,862,076	-	-	-
(Gain)/loss on disposal of property, plant and equipment		(1,327,838)	(613,159)	949	-
Property, plant and equipment written off9		-	-	-	
Waiver of credit balances		-	(4,758,679)	-	-
Interest income		(198,865)	(358,287)	(193,907)	(355,635)
Interest expense		16,170,243	12,680,683	12,733,707	10,551,317
Operating profit before working capital changes		102,889,548	74,358,481	17,044,039	12,357,804
Increase in property development costs		(8,246,721)	(1,634,391)	-	-
Increase in inventories		(20,536,794)	(8,939,379)	-	-
Decrease/(increase) in trade and other receivables		7,287,189	(450,653)	11,201,319	(50,995,731)
Increase/(decrease) in trade and other payables		32,081,913	(17,677,812)	(7,788,118)	29,910
Cash generated from/(used in) operations		113,475,135	45,656,246	20,457,240	(38,608,017)
Income tax paid		(2,433,384)	(2,249,536)	-	(5,394)
Net cash generated from/(used in) operating activities		111,041,751	43,406,710	20,457,240	(38,613,411)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries	15	138,686	49,000	-	(51,000)
Additional investment in subsidiaries		-	-	(10,000,000)	(2,499,000)
Purchase of property, plant and equipment	13(a)	(77,652,054)	(67,718,283)	(653,399)	(128,522)
Proceeds from disposal of property, plant and equipment		4,044,379	7,655,780	90,000	-
Interest received		198,865	358,287	193,907	355,635
Net cash used in investing activities		(73,270,124)	(59,655,216)	(10,369,492)	(2,322,887)

Cash Flow Statements

For the Year Ended 30 June 2007 (Cont'd)

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(16,170,243)	(12,680,683)	(12,733,707)	(10,551,317)
Proceeds from issuance of ordinary shares		11,000,000	-	11,000,000	-
Proceeds from issuance of ordinary shares to minority		245,888	2,401,000	-	-
Proceeds from issuance of Commercial Papers		-	40,000,000	-	40,000,000
Repayment of term loan		-	(16,356,815)	-	-
Drawdown of short term revolving credits		29,562,902	30,057,279	-	-
Repayment of short term revolving credits		(29,579,959)	(20,100,222)	-	-
Repayment of bankers' acceptances		-	(10,649,194)	-	-
Repayment of hire purchase and lease financing		(16,635,001)	(7,842,532)	-	-
Acquisition of treasury shares		(3,411,648)	(2,861,159)	(3,411,648)	(2,861,159)
Dividend paid		(4,332,448)	(2,080,904)	(4,332,448)	(2,080,904)
Net cash (used in)/generated from financing activities		(29,320,509)	(113,230)	(9,477,803)	24,506,620
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,451,118	(16,361,736)	609,945	(16,429,678)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,726,124	25,087,860	5,821,601	22,251,279
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	17,177,242	8,726,124	6,431,546	5,821,601

The accompanying notes form an integral part of the financial statements.

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities. The registered office of the Company is located at 1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, 90000 Sandakan, Sabah.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 October 2007.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

2. Significant Accounting Policies (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(a) Subsidiaries and Basis of Consolidation (Cont'd)

(ii) Basis of Consolidation (Cont'd)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Timber Rights

This represents the exclusive rights of two subsidiaries to extract and purchase all commercial timber logs extractable from a designated timber concession area situated at Gunung Rara/Kalabakan Forest Reserve.

Timber rights, considered to have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

The timber rights are amortised on the basis of the volume of timber logs extracted during the financial year as a proportion of the total volume of timber logs extractable over the remaining period from the timber concession area.

2. Significant Accounting Policies (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(c) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 10%
Heavy equipment, motor vehicles and motor launches	10% - 20%
Plant and machinery	7%
Furniture, fittings and equipment	10% - 33 1/3%
Camp infrastructure	15%

Prior to 1 July 2006, no amortisation has been provided for leasehold land. In the current financial year, the Group has decided to amortise its leasehold land based on the remaining lease period of the leasehold land.

Capital work-in-progress is not depreciated until it is completed and ready for use.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(d) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

2. Significant Accounting Policies (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(e) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using to the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus recognised profit (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

(f) Impairment of Non-financial Assets

The carrying amounts of assets, other than construction contract assets, property development costs, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. Significant Accounting Policies (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(g) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other Non-current Investment

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(iii) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Trade Payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

2. Significant Accounting Policies (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(h) Financial Instruments (Cont'd)

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(i) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Significant Accounting Policies (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(k) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(m) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contributions Plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

2. Significant Accounting Policies (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(n) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(o) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sales of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(e).

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2. Significant Accounting Policies (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(o) Revenue Recognition (Cont'd)

(v) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(vi) Rental income

Rental income is recognised on an accrual basis in accordance with the terms of rental agreements.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 July 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of revised FRS 102, 108, 110, 121, 127, 132 and 133 does not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138 Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

(i) Goodwill

Prior to 1 July 2006, goodwill was amortised on a straight-line basis over its estimated useful life, or at the rate equivalent to the volume of timber logs extracted during the financial year as a proportion of the total volume of timber logs extractable over the remaining period from the timber concession area as applicable and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating unit in which the goodwill is attached to. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

2. Significant Accounting Policies (Cont'd)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138 Intangible Assets (Cont'd)

(i) Goodwill (Cont'd)

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 July 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 July 2006 amounting to RM3,825,391 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 July 2006 of RM19,504,288 ceased to be amortised thereafter.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2006 or prior periods. The effects on the consolidated balance sheet as at 30 June 2007 and consolidated income statement for the year ended 30 June 2007 are set out in Note 2.3(c)(i) and Note 2.3(c)(ii) respectively. This change has no impact on the Company's financial statements.

(ii) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in profit or loss. In accordance with transitional provisions of FRS 3, the negative goodwill as at 1 July 2006 of RM5,234,412 was derecognised with a corresponding increase in retained earnings.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2006 or prior periods. The effects on the consolidated balance sheet as at 30 June 2007 and consolidated income statement for the year ended 30 June 2007 are set out in Note 2.3(c)(i) and Note 2.3(c)(ii) respectively.

(b) FRS 101: Presentation of Financial Statements

Presentation of financial statements

Prior to 1 July 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

These changes in presentation have been applied retrospectively and as disclosed in Note 2.3(d), certain comparatives have been restated. The changes in presentations have no impact on the Company's financial statements.

2. Significant Accounting Policies (Cont'd)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

(c) Summary of effects of adopting new and revised FRSs on the current year's financial statements

(i) Effects on balance sheets as at 30 June 2007

	Increase/(Decrease)		
	FRS 3	FRS 101	
Description of Change	Note 2.3(a)(i)	Note 2.3(b)	Total
	RM	RM	RM
Group			
Intangible assets	2,412,176	-	2,412,176
Retained earnings	2,412,176	-	2,412,176
Total equity	-	250,804	250,804

(ii) Effects on income statements for the year ended 30 June 2007

	Increase/(Decrease)
	FRS 3
Description of Change	Note 2.3(a)(i)
	RM
Group	
Administrative expenses	(2,412,176)
Profit for the year	2,412,176
Earning per share (sen):	
Basic, for profit for the year	0.02

(d) Restatement of Comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

	Previously	Increase	
	Stated	FRS 101	Restated
Description of Change		Note 2.3(b)	
	RM	RM	RM
Total equity	185,150,212	2,405,762	187,555,974

2. Significant Accounting Policies (Cont'd)

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRS, amendments to FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

	FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
(i)	FRS 139: Financial Instruments: Recognition and Measurement	Deferred
(ii)	FRS 117: Leases	1 October 2006
(iii)	FRS 124: Related Party Disclosures	1 October 2006
(iv)	FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
(v)	Amendment to FRS 119$_{2004}$: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
(vi)	Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007
(vii)	IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
(viii)	IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
(ix)	IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
(x)	IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
(xi)	IC Interpretation 7: Applying the Restatement Approach under FRS 129$_{2004}$ – Financial Reporting in Hyperinflationary Economics	1 July 2007
(xii)	IC Interpretation 8: Scope of FRS 2	1 July 2007
(xiii)	FRS 107: Cash Flow Statements	1 July 2007
(xiv)	FRS 111: Construction Contracts	1 July 2007
(xv)	FRS 112: Income Taxes	1 July 2007
(xvi)	FRS 118: Revenue	1 July 2007
(xvii)	FRS 119: Employee Benefits	1 July 2007
(xviii)	FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
(xix)	FRS 126: Accounting and Reporting by Retirement Benefit Plans	1 July 2007
(xx)	FRS 129: Financial Reporting in Hyperinflationary Economies	1 July 2007
(xxi)	FRS 134: Interim Financial Reporting	1 July 2007
(xxii)	FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 117, 124 and 139.

The above FRS, amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application.

2.5 Changes in Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. With effect from 1 July 2006, the Group revised the estimated useful lives of certain property, plant and equipment as follows:

Buildings	(from twenty-five to fifty years)
Heavy equipment and motor vehicles	(from three to ten years)
Plant and machinery	(from eleven to fourteen years)
Furniture, fittings and equipment	(from six to ten years)

The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for the current financial year have been reduced by RM2,765,489.

2. Significant Accounting Policies (Cont'd)

2.6 Significant Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 30 June 2007 was RM15,865,680 (2006: RM19,504,288). Further details are disclosed in Note 14.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RM42,139,800 (2006: RM22,936,839) and the unrecognised tax losses and capital allowances of the Group was RM96,065,271 (2006: RM145,931,710).

3. Revenue

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Gross dividend from a subsidiary	-	-	19,124,938	15,168,054
Sale of processed wood products	388,902,040	285,335,252	-	-
Sale of logs	109,586,097	87,876,504	-	-
Contract fees	39,249,552	103,849,295	-	-
Road tolls	11,386,375	17,878,251	-	-
	549,124,064	494,939,302	19,124,938	15,168,054

4. Cost of Sales

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cost of goods sold	398,793,738	329,179,093	-	-
Cost of services rendered	77,018,905	110,894,603	-	-
	475,812,643	440,073,696	-	-

5. Other Income

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Interest income from:				
Deposits with licensed banks	8,243	39,871	3,285	36,804
Repos	190,622	318,831	190,622	318,831
	198,865	358,702	193,907	355,635
Gain on disposal of property, plant and equipment, gross	1,328,787	613,159	-	-
Gain on foreign exchange:				
- Realised	102,810	232,768	-	-
Gate pass income	587,575	465,074	-	-
Handling charges	1,513,391	2,011,333	-	-
Hiring income	72,000	-	-	-
Insurance claim received	466,105	11,491	-	-
Rental income	672,564	57,000	-	-
Miscellaneous income	731,693	607,695	-	-
Road marking income	500,000	-	-	-
Sale of scrapped iron	366,000	-	-	-
Sale of sawn dust	147,290	147,124	-	-
Waiver of credit balances	-	4,758,679	-	-
	6,687,080	9,263,025	193,907	355,635

6. Finance Costs

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Interest expense on:				
Medium Term Notes	12,733,707	10,457,979	12,733,707	10,457,979
Term loan	-	93,338	-	93,338
Hire purchase	2,641,683	1,093,050	-	-
Letters of credit	55,682	32,268	-	-
Overdue accounts	299,364	588,244	-	-
Short term revolving credits	439,807	392,972	-	-
Short term advance	-	22,832	-	-
	16,170,243	12,680,683	12,733,707	10,551,317

7. Profit Before Tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Employee benefits expense (Note 8)	46,505,052	34,789,672	86,196	84,523
Non-executive directors' remuneration (Note 9)	301,000	279,500	301,000	279,500
Auditors' remuneration:				
Statutory audits:				
- Current year	118,700	104,600	25,000	20,000
- Under/(over)provided in prior year	6,500	9,000	(2,000)	10,000
Other services	19,500	11,825	9,000	5,000
Amortisation of timber rights (Note 14)	41,131,872	20,035,956	-	-
Amortisation of goodwill (Note 14)	-	2,401,003	-	-
Impairment of intangible assets (Note 14):				
- included in administrative expenses	3,862,076	-	-	-
Depreciation of property, plant and equipment (Note 13)	24,522,499	21,533,911	77,134	54,932
Hire of equipment	735,012	178,329	-	-
Hire of scows	9,438,500	7,905,768	-	-
Management fee paid	29,376	21,432	-	-
Pangkalan rental	133,211	175,530	-	-
Property, plant and equipment written off	9	-	-	-
Rental of premises	295,307	662,748	112,017	128,781
Rental of equipment	154,837	45,270	-	-
Rental of carpark	-	2,625	-	-
Loss on disposal of property, plant and equipment	949	-	949	-

8. Employee Benefits Expense

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Salaries, wages and allowances	44,726,355	33,351,524	74,725	73,791
Social security contributions	988,347	148,776	1,119	1,077
Contributions to defined contribution plan	808,383	1,289,372	10,352	9,655
Other benefits	41,350	-	-	-
	46,564,435	34,789,672	86,196	84,523
Less: Capitalised in property development costs	(59,383)	-	-	-
	46,505,052	34,789,672	86,196	84,523

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM883,120 (2006: RM946,770) as further disclosed in Note 9.

Notes to the Financial Statements

30 June 2007 (Cont'd)

9. Directors' Remuneration

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive directors' remuneration (Note 8):				
Salaries	732,000	732,000	-	-
Other emoluments	151,120	214,770	-	-
	883,120	946,770	-	-
Non-executive directors' remuneration (Note 7):				
Fees	258,000	258,000	258,000	258,000
Other emoluments	43,000	21,500	43,000	21,500
	301,000	279,500	301,000	279,500
Total directors' remuneration	1,184,120	1,226,270	301,000	279,500
Estimated money value of benefits-in-kind	41,350	-	-	-
Total directors' remuneration including benefits-in-kind	1,225,470	1,226,270	301,000	279,500

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2007	2006
Executive directors:		
RM250,001 to RM300,000	1	1
RM550,001 to RM600,000	1	1
Non-executive directors:		
Below RM50,000	3	3
RM100,001 to RM150,000	1	1

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive:				
Salaries	732,000	732,000	-	-
Bonus	80,000	70,500	-	-
Defined contribution plan	70,500	70,500	-	-
Social security contribution	620	1,098	-	-
Other benefits	41,350	72,672	-	-
	924,470	946,770	-	-
Non-executive:				
Salaries	258,000	258,000	258,000	258,000
Bonus	43,000	21,500	43,000	21,500
	301,000	279,500	301,000	279,500
	1,225,470	1,226,270	301,000	279,500

10. Income Tax Expense

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current income tax:				
Provision for the year	3,052,487	5,237,777	-	-
(Over)/underprovision in prior years	(442,127)	759,133	(18,972)	-
	2,610,360	5,996,910	(18,972)	-
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	(9,837,235)	(3,418,319)	-	-
Relating to changes in tax rates	(665,006)	-	-	-
Under/(over)provision in prior years	68,132	(557,634)	-	-
	(10,434,109)	(3,975,953)	-	-
	(7,823,749)	2,020,957	(18,972)	-

Current income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008. The computation of deferred tax as at 30 June 2007 has reflected these changes.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2007 RM	2006 RM
Group		
Profit before tax	18,729,552	23,437,053
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	5,056,980	6,562,375
Effect of deferred tax recognised at different tax rates	(332,210)	-
Effect of changes in tax rates on opening balance of deferred tax	(332,796)	-
Effect of income subject to tax rate of 20% *	(89,737)	(138,984)
Effect of income not subject to tax	(4,637,427)	(8,405,496)
Effect of expenses not deductible for tax purposes	5,367,582	4,601,702
Effect of double deduction of expenses	-	(1,342,272)
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(10,800,995)	(20,536)
Effect of utilisation of previously unrecognised unutilised reinvestment allowances	(3,234,655)	-
Deferred tax assets not recognised in respect of current year's tax losses	1,009,941	21,099
Deferred tax assets not recognised on current year's unabsorbed capital allowances	565,947	541,570
Deferred tax liabilities not recognised in respect of goodwill	(22,384)	-
Under/(over)provision of deferred tax in prior years	68,132	(557,634)
(Over)/underprovision of tax expense in prior years	(442,127)	759,133
	(7,823,749)	2,020,957

* Pursuant to Paragraph 2A, Schedule 1, Part I of the Income Tax Act, 1967, the income tax rate applicable to the first RM500,000 of the chargeable income of certain subsidiary companies is 20% as these companies are small and medium scale company.

10. Income Tax Expense (Cont'd)

	2007 RM	2006 RM
Company		
Profit before tax	4,426,156	2,107,190
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	1,195,062	590,013
Effect of income not subject to tax	(5,163,733)	(4,247,055)
Effect of expenses not deductible for tax purposes	3,968,671	3,657,042
Overprovision of tax expense in prior years	(18,972)	-
	(18,972)	-

Tax savings during the financial year arising from:

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Utilisation of tax losses and unabsorbed capital allowance brought forward	41,093,637	20,536	-	-
Utilisation of unabsorbed reinvestment allowance brought forward	534,655	-	-	-
Utilisation of current year capital allowances	7,134,698	4,651,597	-	-
Utilisation of current year forest allowances	834,207	1,333,250	-	-

11. Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2007	2006
Profit for the year (RM)	26,302,479	21,460,334
Weighted average number of ordinary shares in issue	143,060,678	139,802,328
Basic earnings per share (sen)	18.4	15.4

(b) Diluted

The Group has no potential ordinary shares in issue as at the balance sheet date and therefore, diluted earnings per share has not been presented.

12. Dividend

	Dividends in Respect of Year 2007 RM	2006 RM	2005 RM	Dividends Recognised in Year 2007 RM	2006 RM
Recognised during the year:					
Final tax exempt dividend for 2006:					
3% on 144,414,933 ordinary shares (3 sen per ordinary share)	-	4,332,448	-	4,332,448	-
Final tax exempt dividend for 2005:					
1.5% on 138,726,918 ordinary shares (1.5 sen per ordinary share)	-	-	2,080,904	-	2,080,904
	-	4,332,448	2,080,904	4,332,448	2,080,904

13. Property, Plant and Equipment

Group	Heavy Equipment, Motor Leasehold Land and Buildings* RM	Vehicles and Motor Launches RM	Furniture, Plant and Machinery RM	Fittings and Equipment RM	Camp Infra-Structure RM	Capital Work-In-Progress RM	Total RM
At 30 June 2007							
Cost							
At 1 July 2006	79,276,860	105,804,165	86,095,711	6,124,206	18,998,856	1,809,984	298,109,782
Additions	2,269,682	56,975,289	10,257,039	904,199	9,235,499	72,520,223	152,161,931
Disposals	(1,563,405)	(2,790,375)	(4,395,797)	(7,000)	-	(497,710)	(9,254,287)
Reclassifications	3,360,284	-	3,411,447	4,554	-	(6,776,285)	-
Acquisition of subsidiaries (Note 15)	559,228	2,579,536	61,792	73,430	-	398,546	3,672,532
At 30 June 2007	83,902,649	162,568,615	95,430,192	7,099,389	28,234,355	67,454,758	444,689,958
Accumulated depreciation							
At 1 July 2006	4,361,968	27,730,515	25,232,136	3,268,635	6,307,006	-	66,900,260
Depreciation charge for the year:	1,596,760	11,889,489	7,503,105	1,011,109	3,030,106	-	25,030,569
Recognised in income statement (Note 7)	1,596,760	11,391,122	7,503,105	1,001,406	3,030,106	-	24,522,499
Capitalised in property development costs (Note 17)	-	498,367	-	9,703	-	-	508,070
Disposals	(807,903)	(1,707,403)	(4,015,432)	(6,999)	-	-	(6,537,737)
Reclassifications	-	-	(1,992)	1,992	-	-	-
At 30 June 2007	5,150,825	37,912,601	28,717,817	4,274,737	9,337,112	-	85,393,092
Net carrying amount							
At 30 June 2007	78,751,824	124,656,014	66,712,375	2,824,652	18,897,243	67,454,758	359,296,866

Notes to the Financial Statements

30 June 2007 (Cont'd)

13. Property, Plant and Equipment (Cont'd)

Group	Leasehold Land and Buildings* RM	Heavy Equipment, Motor Vehicles and Motor Launches RM	Furniture, Plant and Machinery RM	Fittings and Equipment RM	Camp Infra-Structure RM	Capital Work-In-Progress RM	Total RM
At 30 June 2006							
Cost							
At 1 July 2005	67,242,635	82,007,317	51,341,082	5,166,987	17,616,038	2,046,561	225,420,620
Additions	1,113,443	29,123,608	35,938,310	973,619	1,382,818	15,997,565	84,529,363
Disposals	-	(1,437,520)	(10,386,282)	(16,399)	-	-	(11,840,201)
Reclassifications	10,920,782	(3,889,240)	9,202,601	(1)	-	(16,234,142)	-
At 30 June 2006	79,276,860	105,804,165	86,095,711	6,124,206	18,998,856	1,809,984	298,109,782
Accumulated depreciation							
At 1 July 2005	2,848,453	23,088,177	17,983,704	2,336,346	3,546,671	-	49,803,351
Depreciation charge for the year:	1,513,481	9,717,740	6,968,719	934,214	2,760,335	-	21,894,489
Recognised in income statement (Note 7)	1,513,481	9,366,865	6,968,719	924,511	2,760,335	-	21,533,911
Capitalised in property development costs (Note 17)	-	350,875	-	9,703	-	-	360,578
Disposals	-	(1,251,152)	(3,544,503)	(1,925)	-	-	(4,797,580)
Reclassifications	34	(3,824,250)	3,824,216	-	-	-	-
At 30 June 2006	4,361,968	27,730,515	25,232,136	3,268,635	6,307,006	-	66,900,260
Net carrying amount							
At 30 June 2006	74,914,892	78,073,650	60,863,575	2,855,571	12,691,850	1,809,984	231,209,522

* Leasehold Land and Buildings of the Group:

At 30 June 2007	Leasehold Land RM	Buildings RM	Total RM
Cost			
At 1 July 2006	35,352,301	43,924,559	79,276,860
Additions	-	2,269,682	2,269,682
Disposals	-	(1,563,405)	(1,563,405)
Reclassifications	-	3,360,284	3,360,284
Acquisition of subsidiaries	-	559,228	559,228
At 30 June 2007	35,352,301	48,550,348	83,902,649

13. Property, Plant and Equipment (Cont'd)

* Leasehold Land and Buildings of the Group (Cont'd):

At 30 June 2007	Leasehold Land RM	Buildings RM	Total RM
Accumulated depreciation			
At 1 July 2006	-	4,361,968	4,361,968
Depreciation charge for the year	378,639	1,218,121	1,596,760
Disposal	-	(807,903)	(807,903)
At 30 June 2007	378,639	4,772,186	5,150,825
Net carrying amount			
At 30 June 2007	34,973,662	43,778,162	78,751,824
At 30 June 2006			
Cost			
At 1 July 2005	34,878,821	32,363,814	67,242,635
Additions	473,480	639,963	1,113,443
Reclassification	-	10,920,782	10,920,782
At 30 June 2006	35,352,301	43,924,559	79,276,860
Accumulated depreciation			
At 1 July 2005	-	2,848,453	2,848,453
Depreciation charge for the year	-	1,513,481	1,513,481
Reclassification	-	34	34
At 30 June 2006	-	4,361,968	4,361,968
Net carrying amount			
At 30 June 2006	35,352,301	39,562,591	74,914,892

Company	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Capital Work-in-Progress RM	Total RM
At 30 June 2007				
Cost				
At 1 July 2006	129,927	207,978	128,522	466,427
Additions	348,600	26,764	278,035	653,399
Disposals	(129,927)	-	-	(129,927)
At 30 June 2007	348,600	234,742	406,557	989,899

13. Property, Plant and Equipment (Cont'd)

*** Leasehold Land and Buildings of the Group (Cont'd):**

Company (Cont'd)	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Capital Work-in-Progress RM	Total RM
At 30 June 2007 (Cont'd)				
Cost (Cont'd)				
Accumulated depreciation				
At 1 July 2006	25,985	48,610	-	74,595
Depreciation charge for the year (Note 7)	47,853	29,281	-	77,134
Disposals	(38,978)	-	-	(38,978)
At 30 June 2007	34,860	77,891	-	112,751
Net carrying amount				
At 30 June 2007	313,740	156,851	406,557	877,148
At 30 June 2006				
Cost				
At 1 July 2005	129,927	207,978	-	337,905
Additions	-	-	128,522	128,522
At 30 June 2006	129,927	207,978	128,522	466,427
Accumulated depreciation				
At 1 July 2005	-	19,663	-	19,663
Depreciation charge for the year (Note 7)	25,985	28,947	-	54,932
At 30 June 2006	25,985	48,610	-	74,595
Net carrying amount				
At 30 June 2006	103,942	159,368	128,522	391,832

(a) During the financial year, the Group acquired property, plant and equipment at an aggregate cost of RM152,161,931 (2006: RM84,529,363) of which RM74,509,877 (2006: RM16,811,080) was acquired by means of finance lease arrangements. Net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group 2007 RM	Group 2006 RM
Tractors and heavy equipment	53,412,557	21,039,773
Motor vehicles and dump trucks	21,705,144	14,386,832
	75,117,701	35,426,605

13. Property, Plant and Equipment (Cont'd)

(b) All the property, plant and equipment of the Group have been pledged as part of the securities for Commercial Papers/Medium Term Notes Programme of RM160 million (2006: RM160 million) as disclosed in Note 21.

14. Intangible Assets

Group	Goodwill RM	Negative Goodwill RM	Timber Rights RM	Total RM
Cost				
At 1 July 2005	23,329,679	(5,234,412)	107,614,000	125,709,267
At 30 June 2006 and 1 July 2006	23,329,679	(5,234,412)	107,614,000	125,709,267
Effects of adopting FRS 3 (Note 2.3(a)(i)&(ii))	(3,825,391)	5,234,412	-	1,409,021
Acquisition of subsidiaries (Note 15)	223,468	-	-	223,468
At 30 June 2007	19,727,756	-	107,614,000	127,341,756
Accumulated amortisation and impairment				
At 1 July 2005	1,424,388	-	32,666,629	34,091,017
Amortisation (Note 7)	2,401,003	-	20,035,956	22,436,959
At 30 June 2006 and 1 July 2006	3,825,391	-	52,702,585	56,527,976
Effects of adopting FRS 3 (Note 2.3(a)(i))	(3,825,391)	-	-	(3,825,391)
Amortisation (Note 7)	-	-	41,131,872	41,131,872
Impairment loss recognised in profit or loss (Note 7)	3,862,076	-	-	3,862,076
At 30 June 2007	3,862,076	-	93,834,457	97,696,533
Net carrying amount				
At 30 June 2006	19,504,288	(5,234,412)	54,911,415	69,181,291
At 30 June 2007	15,865,680	-	13,779,543	29,645,223

Impairment test for goodwill

Allocation of goodwill

Goodwill has been allocated to the Group's CGU which is the timber operation.

14. Intangible Assets (Cont'd)

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are:

	Growth Rate		Discount Rate	
	2007	2006	2007	2006
	%	%	%	%
Timber operation	5.6	5.1	8.0	7.5

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Growth rate
The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

(ii) Discount rate
The discount rates used are pre-tax and reflect specific risks relating to the industry.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the timber operation, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts, save as discussed below:

Sales and logs/timber supply assumptions

The management recognises that any significant changes in the market selling price for its timber products and logs/timber supply can have a significant impact on the sales and logs/timber supply assumptions made in the projections.

15. Investments in Subsidiaries

	Company	
	2007	2006
	RM	RM
Unquoted shares at cost:		
At beginning of year	131,379,325	128,829,325
Acquisition of subsidiaries	-	51,000
Additional investment in subsidiaries	10,000,000	2,499,000
At end of year	141,379,325	131,379,325

15. Investments in Subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorportion	Principal Activities	Proportion of Ownership Interest 2007 %	2006 %
Held by the Company:				
Priceworth Industries Sdn. Bhd.*	Malaysia	Manufacture and sale of processed wood products, trading of logs and provision of wood processing services	100	100
Teras Selasih Sdn. Bhd.	Malaysia	Log timber trading	100	100
Cergas Kenari Sdn. Bhd.	Malaysia	Timber extraction	100	100
Sinora Sdn. Bhd.	Malaysia	Manufacture and sale of plywood and sawn timber	100	100
Innora Sdn. Bhd.	Malaysia	Manufacture and sale of moulded wood products	100	100
Integral Acres Sdn. Bhd.**	Malaysia	Property development	51	51
*** Held through Priceworth Industries Sdn. Bhd.**				
Ligreen Enterprise Sdn. Bhd.	Malaysia	Logs trading	100	100
Maxland Sdn. Bhd.	Malaysia	Timber extraction and land development	100	100
Cabaran Cerdas Sdn. Bhd.	Malaysia	Dormant	100	100
Rimbunan Gagah Sdn. Bhd.	Malaysia	Manufacture and sale of processed wood products	56.5	-
**** Held through Integral Acres Sdn. Bhd.**				
Integral Acres Construction Sdn. Bhd.	Malaysia	Construction contracts	100	-

Acquisition of Subsidiaries

On 3 January 2007, the Group subscribed for 100% equity interest in Integral Acres Construction Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2. On 5 April 2007, the Group acquired 56.5% equity interest in Rimbunan Gagah Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM141,250.

On 1 July 2005, the Group acquired 51% equity interest in Integral Acres Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM51,000.

The cost of acquisition comprised of the following:

	2007 RM	2006 RM
Purchase consideration satisfied by cash	141,252	51,000

15. Investments in Subsidiaries (Cont'd)

The acquired subsidiaries have contributed the following results to the Group:

	2007 RM	2006 RM
Revenue	2,425,507	-
Profit/(loss) for the year	893,877	(46,044)

If the acquisition had occurred on 1 July 2006, the Group's revenue and profit for the year would have been RM3,915,251 and RM647,989 respectively.

The assets and liabilities arising from the acquisition are as follows:

2007	Fair value recognised on acquisition RM	Acquiree's carrying amount RM
Property, plant and equipment (Note 13)	3,672,532	3,672,532
Inventories	2,833,368	2,833,368
Trade and other receivables	319,147	319,147
Cash and bank balances	279,938	279,938
	7,104,985	7,104,985
Trade and other payables	(7,186,674)	(7,186,674)
Fair value of net liabilities	(81,689)	(81,689)
Less: Minority interests	(527)	
Group's share of net liabilities	(82,216)	
Goodwill on acquisition (Note 14)	223,468	
Total cost of acquisition	141,252	
2006		
Cash and bank balances	100,000	100,000
Fair value of net assets	100,000	
Less: Minority interests	(49,000)	
Total cost of acquisition	51,000	

The cash inflow on acquisition is as follows:

	2007 RM	2006 RM
Purchase consideration satisfied by cash	141,252	51,000
Cash and cash equivalents of subsidiaries acquired	(279,938)	(100,000)
Net cash inflow of the Group	(138,686)	(49,000)

16. Other Investment

	Group 2007 RM	Group 2006 RM
Unquoted shares at cost	50,000	50,000

17. Property Development Costs

Group	Leasehold Land RM	Development Costs RM	Total RM
At 30 June 2007			
Cumulative property development costs			
At 1 July 2006	-	5,446,279	5,446,279
Transferred to inventories (Note 18)	-	(6,640,527)	(6,640,527)
Costs incurred during the year	1,000,000	14,395,318	15,395,318
Property development costs at 30 June 2007	1,000,000	13,201,070	14,201,070
At 30 June 2006			
Cumulative property development costs			
At 1 July 2005	-	3,451,310	3,451,310
Costs incurred during the year	-	4,800,909	4,800,909
Transferred to a related company	-	(2,805,940)	(2,805,940)
Property development costs at 30 June 2006	-	5,446,279	5,446,279

	Group 2007 RM	Group 2006 RM
Included in property development costs incurred during the financial year are:		
Depreciation of property, plant and equipment (Note 13)	508,070	360,578

18. Inventories

	Group 2007 RM	Group 2006 RM
Cost		
Log contract work-in-progress	7,038,225	6,696,009
Raw materials	13,052,553	5,000,332
Work-in-progress	2,936,711	3,618,855
Finished goods	28,791,038	24,643,096
Consumable goods	9,068,290	5,640,179
Production supplies	9,176,638	7,735,349
Transferred from property development cost (Note 17):		
Construction in process	6,640,527	-
	76,703,982	53,333,820

There were no inventories stated at net realisable value at 30 June 2007 (2006: Nil).

19. Trade and Other Receivables

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Trade receivables				
Third parties	49,143,256	40,153,451	-	-
Other receivables				
Due from subsidiaries	-	-	138,621,355	149,740,439
Deposits for log supplies	-	20,811,330	-	-
Other deposits	2,562,650	2,544,608	390,993	40,993
Prepayments	18,741,256	5,065,335	2,089,133	2,521,368
Sundry receivables	14,237,459	23,077,939	1,527	1,527
	35,541,365	51,499,212	141,103,008	152,304,327
	84,684,621	91,652,663	141,103,008	152,304,327

(a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Company's normal trade credit terms range from 60 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 29.

20. Cash and Cash Equivalents

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Cash on hand and at banks	10,720,140	3,188,828	207,454	324,522
Deposits with licensed banks	6,478,453	5,725,130	6,245,443	5,497,079
Cash and bank balances	17,198,593	8,913,958	6,452,897	5,821,601
Less: Bank overdrafts (Note 21)	(21,351)	(187,834)	(21,351)	-
Cash and cash equivalents	17,177,242	8,726,124	6,431,546	5,821,601

Included in deposits with licensed banks of the Group amounting to RM40,216 (2006: RM40,216) are pledged to the bankers to secure bank guarantees granted to the government departments.

Other information on financial risks of cash and cash equivalents are disclosed in Note 30.

21. Borrowings

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Short term borrowings				
Secured:				
Medium Term Notes	25,000,000	-	25,000,000	-
Commercial Papers	10,000,000	-	10,000,000	-
Short term revolving credits	9,940,000	9,957,057	-	-
Hire purchase and finance lease liabilities (Note 22)	24,808,371	10,430,338	-	-
	69,748,371	20,387,395	35,000,000	-
Unsecured:				
Bank overdrafts	21,351	187,834	21,351	-
	69,769,722	20,575,229	35,021,351	-
Long Term Borrowings				
Secured:				
Medium Term Notes	95,000,000	120,000,000	95,000,000	120,000,000
Commercial Papers	30,000,000	40,000,000	30,000,000	40,000,000
Hire purchase and finance lease liabilities (Note 22)	55,235,926	11,739,083	-	-
	180,235,926	171,739,083	125,000,000	160,000,000
Total Borrowings				
Bank overdrafts (Note 20)	21,351	187,834	21,351	-
Medium Term Notes	120,000,000	120,000,000	120,000,000	120,000,000
Commercial Papers	40,000,000	40,000,000	40,000,000	40,000,000
Short term revolving credits	9,940,000	9,957,057	-	-
Hire purchase and finance lease liabilities (Note 22)		80,044,297	22,169,421	-
	250,005,648	192,314,312	160,021,351	160,000,000

The Medium Term Notes of the Company are secured by a debenture creating fixed and floating charges over all the property, plant and equipment of the Group, both present and future.

The Commercial Papers of the Company are secured by a debenture creating fixed and floating charges over all the property, plant and equipment of the Group, both present and future.

The short term revolving credits of a subsidiary is secured by a corporate guarantee by the Company.

Other information on financial risks of borrowings is disclosed in Note 30.

22. Hire Purchase and Finance Lease Liabilities

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Future minimum lease payments:				
Not later than 1 year	30,551,153	11,893,248	-	-
Later than 1 year and not later than 2 years	27,365,909	8,852,779	-	-
Later than 2 years and not later than 5 years	40,322,968	4,060,951	-	-
Later than 5 years	1,599,760	-	-	-
Total future minimum lease payments	99,839,790	24,806,978	-	-
Less: Future finance charges	(19,795,493)	(2,637,557)	-	-
Present value of finance lease liabilities (Note 21)	80,044,297	22,169,421	-	-
Analysis present value of finance lease liabilities:				
Not later than 1 year	24,808,371	10,430,338	-	-
Later than 1 year and not later than 2 years	22,595,759	7,990,985	-	-
Later than 2 years and not later than 5 years	31,640,343	3,748,098	-	-
Later than 5 years	999,824	-	-	-
	80,044,297	22,169,421	-	-
Less: Amount due within 12 months (Note 21)	(24,808,371)	(10,430,338)	-	-
Amount due after 12 months (Note 21)	55,235,926	11,739,083	-	-

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 30.

23. Trade and Other Payables

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Trade payables				
Third parties	45,785,954	11,235,287	-	-
Other payables				
Accruals	7,223,185	3,174,440	1,315,972	20,000
Deposits	616,507	392,000	-	-
Outstanding purchase consideration	-	11,000,000	-	11,000,000
Sundry payables	24,238,744	12,794,076	2,274,009	358,099
	32,078,436	27,360,516	3,589,981	11,378,099
	77,864,390	38,595,803	3,589,981	11,378,099

Trade Payables

The payables are non-interest bearing and the normal trade credit terms granted to the Group range from 60 days to 90 days.

Other information on financial risks of payables is disclosed in Note 30.

24. Deferred Tax

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At beginning of year	28,617,865	32,593,818	-	-
Recognised in income statement (Note 10)	(10,434,109)	(3,975,953)	-	-
At end of year	18,183,756	28,617,865	-	-

Presented after appropriate offsetting as follows:

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Deferred tax assets	(24,882)	-	-	-
Deferred tax liabilities	18,208,638	28,617,865	-	-
	18,183,756	28,617,865	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Timber Rights RM	Property, Plant and Equipment RM	Total RM
At 1 July 2006	15,375,196	19,682,193	35,057,389
Recognised in income statement	(11,516,924)	6,021,037	(5,495,887)
At 30 June 2007	3,858,272	25,703,230	29,561,502
At 1 July 2005	20,985,264	12,351,733	33,336,997
Recognised in income statement	(5,610,068)	7,330,460	1,720,392
At 30 June 2006	15,375,196	19,682,193	35,057,389

Deferred Tax Assets of the Group:

	Unabsorbed Forest Allowances RM	Unabsorbed Capital Allowances RM	Property, Plant and Equipment RM	Total RM
At 1 July 2006	-	(6,422,315)	(17,209)	(6,439,524)
Recognised in income statement	-	(4,955,431)	17,209	(4,938,222)
At 30 June 2007	-	(11,377,746)	-	(11,377,746)
At 1 July 2005	(743,035)	(144)	-	(743,179)
Recognised in income statement	743,035	(6,422,171)	(17,209)	(5,696,345)
At 30 June 2006	-	(6,422,315)	(17,209)	(6,439,524)

24. Deferred Tax (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2007 RM	Group 2006 RM
Unutilised tax losses	92,602,641	122,212,302
Unabsorbed capital allowances	3,462,630	23,719,408
Unutilised reinvestment allowances	-	11,980,202
Other deductible temporary differences	440,393	392,763
	96,505,664	158,304,675

The availability of unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) and Schedule 3, Paragraphs 75A and 75B of Income Tax Act, 1967.

25. Share Capital, Share Premium and Treasury Shares

	Number of Ordinary Shares of RM 0.50 Each		<------ Amount ------>			
	Share capital (issued and fully paid)	Treasury shares	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 July 2005	143,181,818	-	71,590,909	48,926,252	120,517,161	-
Transaction costs	-	-	-	-	-	(12,994)
Purchase of treasury shares	-	(5,912,400)	-	-	-	(2,848,165)
At 30 June 2006 and 1 July 2006	143,181,818	(5,912,400)	71,590,909	48,926,252	120,517,161	(2,861,159)
Ordinary shares issued during the year:						
Issued for cash	-	-	-	-	-	-
Acquisition of subsidiaries (Note 15)	10,000,000	-	5,000,000	6,000,000	11,000,000	-
Transaction costs	-	-	-	-	-	(14,820)
Purchase of treasury shares	-	(4,621,500)	-	-	-	(3,396,828)
At 30 June 2007	153,181,818	(10,533,900)	76,590,909	54,926,252	131,517,161	(6,272,807)

25. Share Capital, Share Premium and Treasury Shares (Cont'd)

	Number of Ordinary Shares of RM0.50 Each 2007	2006	<----------Amount----------> 2007 RM	2006 RM
Authorised share capital				
At 1 July and 30 June	200,000,000	200,000,000	100,000,000	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Treasury shares

This amount relates to the acquisition cost of treasury shares.

During the financial year, the Company repurchased 4,621,500 of its issued ordinary shares from the open market at an average price of RM0.738 per share. The total consideration paid for the repurchase was RM3,411,648, comprising of consideration paid amounting to RM3,396,828 and transaction costs of RM14,820. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 153,181,818 (2006: 143,181,818) issued and fully paid ordinary shares as at 30 June 2007, 10,533,900 (2006: 5,912,400) are held as treasury shares by the Company. As at 30 June 2007, the number of outstanding ordinary shares in issue after the setoff is therefore 142,647,918 (2006: 137,269,418) ordinary shares of RM0.50 each.

26. Retained Earnings

As at 30 June 2007, the Company has tax exempt profits available for distribution of approximately RM36,459,448 (2006: RM21,666,958), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank payment of dividends out of its retained earnings as at 30 June 2007.

27. Capital Commitments

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Capital expenditure				
Approved and contracted for:				
Plant and equipment	8,140,382	8,713,563	-	-
Land	539,000	-	-	-
Sawmill factory	810,000	-	-	-
Construction of buildings	5,000,000	-	-	-
	14,489,382	8,713,563	-	-
Capital expenditure				
Approved but not contracted for:				
Plant and equipment	-	1,934,321	-	-
Construction of buildings	-	163,731	-	-
	-	2,098,052	-	-
	14,489,382	10,811,615	-	-

28. Contingent Liabilities

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Unsecured:				
Corporate guarantees given to banks for hire purchase financing facilities granted to a subsidiary	-	-	75,200,000	38,300,000

29. Significant Related Party Transactions

	2007		2006	
Group	Amount of Transactions RM	Outstanding Amount RM	Amount of Transactions RM	Outstanding Amount RM
Transactions with companies in which one of the directors, Lim Nyuk Foh has interest:				
Mujur Bakat Sdn. Bhd.				
Purchase of logs	47,514,906	-	7,988,678	-
Sale of logs	60,062,694	-	88,504,728	-
Maxland Enterprise Sdn. Bhd.				
Rental of premises	117,772	-	105,579	-
Company				
Transactions with a subsidiary:				
Priceworth Industries Sdn. Bhd.				
Gross dividend received	19,124,938	-	15,168,054	22,055,055

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

30. Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its commodity price risk, interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Commodity Price Risk

The Group's earnings are affected by changes in the prices of its raw material and its manufactured products.

30. Financial Instruments (Cont'd)

(c) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly place in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 Year RM	1–2 Years RM	2–5 Years RM	More Than 5 Years RM	Total RM
At 30 June 2007							
Group							
Fixed rate							
Medium term notes	21	8.0	(25,000,000)	(25,000,000)	(70,000,000)	-	(120,000,000)
Commercial papers	21	8.0	(10,000,000)	(10,000,000)	(20,000,000)	-	(40,000,000)
Hire purchase and finance lease liabilities	22	5.2	(24,808,371)	(22,595,759)	(31,640,343)	(999,824)	(80,044,297)
Floating rate							
Deposits with licensed banks	20	3.1	6,478,453	-	-	-	6,478,453
Short term revolving credits	21	4.4	(9,940,000)	-	-	-	(9,940,000)
Company							
Fixed rate							
Medium term notes	21	8.0	(25,000,000)	(25,000,000)	(70,000,000)	-	(120,000,000)
Commercial papers	21	8.0	(10,000,000)	(10,000,000)	(20,000,000)	-	(40,000,000)
Floating rate							
Deposits with licensed banks	20	3.1	6,245,443	-	-	-	6,245,443
Short term revolving credits	21	4.4	(9,940,000)	-	-	-	(9,940,000)
At 30 June 2006							
Fixed rate							
Medium term notes	21	7.5	-	(25,000,000)	(70,000,000)	(25,000,000)	(120,000,000)
Commercial papers	21	7.5	-	(10,000,000)	(30,000,000)	-	(40,000,000)
Hire purchase and finance lease liabilities	22	6.2	(10,430,338)	(7,990,985)	(3,748,098)	-	(22,169,421)
Floating rate							
Deposits with licensed banks	20	3.1	5,725,130	-	-	-	5,725,130
Short term revolving credits	21	7.9	(9,957,057)	-	-	-	(9,957,057)
Company							
Fixed rate							
Medium term notes	21	7.5	-	(25,000,000)	(70,000,000)	(25,000,000)	(120,000,000)
Commercial papers	21	7.5	-	(10,000,000)	(30,000,000)	-	(40,000,000)
Floating rate							
Deposits with licensed banks	20	3.1	5,497,079	-	-	-	5,497,079
Short term revolving credits	21	7.9	(9,957,057)	-	-	-	(9,957,057)

30. Financial Instruments (Cont'd)

(c) Interest Rate Risk (Cont'd)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans and floating rate loans which are repriced monthly. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

(d) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily the United States Dollars and Japanese Yen. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are not hedged.

There were no unhedged financial assets and financial liabilities of the Group Companies that are not denominated in their functional currencies during the year.

(e) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(f) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(g) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values.

31. Segmental Reporting

No segmental information has been presented as the Group is operating principally in one industry and within one country.

32. Significant Events

(a) On 16 August 2006, the Company issued 10 million ordinary shares of RM0.50 each at an issue price of RM1.10 per share to settle the balance of the consideration on acquisition of Cergas Kenari Sdn. Bhd. and Teras Selasih Sdn. Bhd.

(b) On 3 January 2007, a subsidiary of the Company, Integral Acres Sdn. Bhd. subscribed for 2 ordinary shares of RM1.00 each representing 100% equity interest of Integral Acres Construction Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

(c) On 5 April 2007, a subsidiary of the Company, Priceworth Industries Sdn.Bhd. acquired 141,250 ordinary shares of RM1.00 each representing 56.5% equity interest of Rimbunan Gagah Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM141,250.

33. Subsequent Event

Subsequent to the Budget 2008 announcement, the statutory tax rate will be reduced from 26% to 25%, effective year of assessment 2009. The financial statements for current financial year do not reflect the above effect.

List of Properties

No.	Location	Description and Existing Use	Land Area (acres)	Built-up Area (sq. ft.)	Lease Tenure from / to	Approximate Age of Building (Years)	Net Book Value (RM'000)
	Priceworth Industries Sdn Bhd						
1.	CL 075365794 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	- Generating Sets Room - Kiln Dry - Sawmill & Sawroom - Warehouse	15.12	3,858 65,000 32,620 121,000	01-01-1979/ 31-12-2077	13 13 13 12	4,739
2.	CL 075203726 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Moulding Plant Main Factory	11.64	104,840	01-01-1964/ 31-12-2063	13	8,174
3.	CL 075365785 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	- Impregnation Plant - Warehouse - Workshop	15.29	4,500 20,000 4,800	01-01-1979/ 21-12-2077	10 12 13	4,496
4.	CL 075170277 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Labour Quarters	14.06	54,000	01-01-1960/ 31-12-2059	13	2,954
5.	CL 075364948 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Agriculture Land	17.88	-	01-01-1979/ 31-12-2077	N/A	1,124
6.	CL 075170286 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Labour Quarters	7.03	12,000	01-01-1961/ 31-12-2060	13	2,320
7.	CL 085318485 Kolapis, District of Labuk & Sugut Beluran	- Sawmill Factory - Labour Quarters - Office Building - Workshop - Genset Room - Store & Saw-Doctor Room	49.00	100,359 3,754 1,068 1,236 2,089	30-12-1986/ 31-12-2084	15 15 15 15 15	17,000

List of Properties (Cont'd)

No.	Location	Description and Existing Use	Land Area (acres)	Built-up Area (sq. ft.)	Lease Tenure from / to	Approximate Age of Building (Years)	Net Book Value (RM'000)
	Maxland Sdn Bhd						
8.	CL 075313398 Mile 17, Labuk Road, Sandakan	Agriculture Land	14.24	-	01-01-1970/ 31-12-2069	N/A	150
	Sinora Sdn Bhd						
9.	CL 075376153 Mile 6.5 Batu Sapi, Sandakan	- Plywood Main Factory	38.28	103,950	01-01-1980/ 31-12-2078	27	21,466
		- 2nd Plywood Factory		37,446		14	
		- Warehouse		3,228		19	
		- Boiler House		507		27	
		- Workshop		1,226		27	
		- Main sawmill + Office		25,500		27	
		- Main Office		10,734		27	
		- Canteen		6,642		27	
		- Moulding Factory		4,828		17	
		- Moulding Warehouse		84,872		17	
		- Kiln Drying Building		17,743		17	
10.	CL 075472338 Mile 6.5 Batu Sapi, South-West of Sandakan	Log Pond	80.46	-	01-01-1994/ 31-12-2053	N/A	2,414
	Rimbunan Gagah Sdn Bhd						
11.	CL 085319820 Off Mile 78, Labuk Sugut Telupid – Sandakan Road	- Sawmill/ Timber Storage Factory	38.45	121,426	01-01-1982/ 31-12-2080	16	1,330
		- 2 storey dwelling house		4,064		16	
		- Office Building		1,368		16	
		- 2 storey Labour Quarters with Kitchen, Dining & Canteen		5,758		16	
		- 4 Blocks Labour Quarters		4,116		16	
		- Sawdoctoring House		3,025		16	
		- Generator House & Store		1,025		16	

SHAREHOLDERS' INFORMATION

As at 5 November 2007

Authorised share capital	:	RM100,000,000
Issued and fully paid shares	:	RM 76,590,909
Treasury shares	:	15,318,100 ordinary shares of RM0.50 each
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

No. of Holders	Holdings	Total Holdings	%
6	less than 100	105	0.00
951	100 to 1,000	885,367	0.58
2,421	1,001 to 10,000	11,241,492	7.34
736	10,001 to 100,000	21,809,100	14.24
97	100,001 to less than 5% of issued shares	52,959,054	34.57
4	5% and above of issued shares	66,286,700	43.27
4,215	Total	153,181,818	100.00

SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
Name of Shareholder	Direct	%	Deemed Interest	%
Lim Nyuk Foh	61,679,626	44.74	-	-

Note: The % shareholding is adjusted by excluding 15,318,100 treasury shares from the total paid-up share capital.

DIRECTORS' SHAREHOLDINGS

	No. of Shares Held			
Name of Director	Direct	%	Deemed Interest	%
Tan Sri Sabbaruddin Chik	610,000	0.44	-	-
Lim Nyuk Foh	61,679,626	44.74	-	-
Chok Syn Vun	1,372,408	1.00	-	-
Ramlee Bin Mohd Shariff	-	-	-	-
Kwan Tack Chiong	1,380,000	1.00	-	-
Ooi Jit Huat	-	-	-	-

Note: The % shareholding is adjusted by excluding 15,318,100 treasury shares from the total paid-up share capital.

SHAREHOLDERS' INFORMATION

As at 5 November 2007 (Cont'd)

LIST OF 30 LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd [CIMB for Lim Nyuk Foh]	39,338,600	25.68
2.	Sabah Development Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lim Nyuk Foh]	10,000,000	6.53
3.	OSK Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lim Nyuk Foh]	8,800,000	5.74
4.	Innosabah Nominees (Tempatan) Sdn Bhd [Pledges securities account for Priceworth Wood Products Berhad]	8,148,100	5.32
5.	Priceworth Wood Products Berhad	7,170,000	4.68
6.	Continental Premium Sdn Bhd	4,000,000	2.61
7.	Citigroup Nominees (Asing) Sdn Bhd [Bear Stearns Securities Corp for Longview Investment]	3,500,000	2.28
8.	Zulkifli Bin Hussain	2,110,000	1.38
9.	HDM Nominees (Asing) Sdn Bhd [DBS Vickers Secs (S) Ltd for River Estates Incorporation]	2,000,000	1.30
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lim Nyuk Foh]	2,000,000	1.30
11.	Lai Tak Shing Dennis	1,849,900	1.21
12.	Mohd Zakhir Siddiqy Bin Sidek	1,727,300	1.13
13.	Lim Nyuk Foh	1,540,046	1.00
14.	OSK Nominees (Tempatan) Sdn Bhd [Pledged securities account for Sau Yek Hong]	1,517,600	0.99
15.	Chiew Boon Chin	1,492,200	0.97
16.	Kwan Tack Chiong	1,380,000	0.90
17.	Excelrun Sdn Bhd	1,360,000	0.89
18.	HSBC Nominees (Asing) Sdn Bhd [Exempt AN for Credit Suisse]	1,111,000	0.72
19.	Zulkifli Bin Hussain	810,000	0.53
20.	Yeow Kean Hua	770,000	0.50

SHAREHOLDERS' INFORMATION

As at 5 November 2007 (Cont'd)

LIST OF 30 LARGEST SHAREHOLDERS (Cont'd)

No.	Name	No. of Shares	%
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd [Pledged securities account for Chok Syn Vun]	760,908	0.50
22.	Public Nominees (Tempatan) Sdn Bhd [Pledged securities account for Chok Syn Vun]	611,500	0.40
23.	Tan Sri Sabbaruddin Chik	610,000	0.40
24.	Teng Swee Lan @ Fong Swee Lan	597,000	0.39
25.	Affin Nominees (Tempatan) Sdn Bhd [Pledged securities account for Tan Sew Hoey]	570,000	0.37
26.	Chang Hee Foon	500,000	0.33
27.	Lim Nyuk Chong @ Lim Nyuk Siong	474,000	0.31
28.	Ang Lai Hee	442,000	0.29
29.	Mayban Nominees (Tempatan) Sdn Bhd [Pledged securities account for Tan Cheng Wha]	427,100	0.28
30.	Shoptra Jaya (M) Sdn Bhd	400,000	0.26

Proxy Form

No. of shares held	

I/We,………..
of………
being a Member of Priceworth Wood Products Berhad hereby appoint ……………………………………………………………….
of………
……..
or failing him/her ……….
of………
as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Executive Parlour of Sabah Hotel, Mile 1, Jalan Utara, 90000 Sandakan, Sabah on 13 December 2007 at 9.00 a.m. and at any adjournment thereof.

My/Our proxy to vote as indicated below:

No.	**Resolutions**	**For**	**Against**
Resolution 1	Approval of the first and final tax-exempt dividend		
Resolution 2	Approval of Directors' Fees		
Resolution 3	Re-election of Mr Ooi Jit Huat as Director		
Resolution 4	Re-election of Mr Kwan Tack Chiong as Director		
Resolution 5	Re-appointment of Auditors		
Resolution 6	Approval to allot shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 7	Approval to issue shares pursuant to the Company's Employees' Share Option Scheme		
Resolution 8	Proposed Amendments to the Company's Articles of Association		

Please indicate with an "x" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/ she thinks fit.

Dated this ……….. day of …………………… 2007

………………………………….
Signature:
Shareholder or Common Seal

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint more than one (1) proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

3. *If the appointor is a corporation, this form must be executed under its seal or under the hand of its attorney.*

4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 5, 1st Floor, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, P. O. Box 2848, 90732 Sandakan, Sabah not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

Then fold here

Affix
stamp

The Company Secretary

PRICEWORTH WOOD PRODUCTS BERHAD
1st Floor, Lot 5, Block No. 4
Bandar Indah, Mile 4, Jalan Utara
P. O. Box 2848
90732 Sandakan
Sabah

First fold here